

CFTC Ex. 540

Long Leaf Trading Group

Hatzigiannis, James 2021-01-13

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Condensed Transcript

Prepared by:

Ashley Burden
CFTC

Friday, November 5, 2021

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1	IN THE UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION 3 COMMODITY FUTURES TRADING) COMMISSION,) 4) Plaintiff,) 5) vs.) No. 20 C 3578 6) LONG LEAF TRADING GROUP,) 7 INC., et al.,) 8) Defendants.) 9 10 11 The remote video deposition of 12 JAMES HATZIGIANNIS, called by the Plaintiff for 13 examination, pursuant to subpoena and pursuant to 14 the Federal Rules of Civil Procedure for the United 15 States District Courts pertaining to the taking of 16 depositions, taken before Mary Maslowski, Certified 17 Shorthand Reporter and Notary Public within and 18 for the County of Cook and State of Illinois with 19 the witness located at 200 South Wacker Drive, 20 Suite 3100, Chicago, Illinois, commencing at the 21 hour of 9:25 o'clock on January 13, 2021. 22 23 24		
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1	APPEARANCES: (Appearing via videoconference) 3 MR. ASHLEY J. BURDEN, Senior Trial Attorney MR. JOSEPH C. PLATT, Trial Attorney 4 MS. NINA RUVINSKY, Trial Attorney MR. JOSEPH J. PATRICK, Senior Investigator 5 U.S. COMMODITY FUTURES TRADING COMMISSION DIVISION OF ENFORCEMENT 6 525 West Monroe Street, Suite 1100 Chicago, Illinois 60661 7 (312) 596-0700 aburden@cftc.gov 8 jplatt@cftc.gov nruvinsky@cftc.gov 9 jppatrick@cftc.gov 10 On behalf of the U.S. Commodity Futures Trading Commission; (Appearing via videoconference) 12 HINSHAW & CULBERTSON, LLP BY MR. ANDREW S. MAY 13 151 North Franklin Street, Suite 2500 Chicago, Illinois 60606 14 (312) 704-3400 amay@hinshawlaw.com 15 On behalf of the Defendant Jeremy Ruth; FALVEY LAW OFFICE 17 BY MR. JAMES M. FALVEY 200 South Wacker Drive, Suite 3100 18 Chicago, Illinois 60606 (312) 404-5839 19 jimfalvey@yahoo.com 20 On behalf of Long Leaf Trading Group, Inc., and the Witness. 21 22 23 CSR License No. 084-003278.		
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3	JAMES HATZIGIANNIS	6	
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<p>1 MR. BURDEN: Mary, will you swear in the 2 witness, please.</p> <p>3 THE REPORTER: Pursuant to Section 319 4 of the Public Health Service Act, and in 5 conjunction with Governor Pritzker's Executive 6 Order 2020-14 regarding Illinois Notaries 7 Public, I will ask counsel to agree on the 8 record that there is no objection to this 9 Certified Shorthand Reporter administering a 10 binding oath to the witness remotely. I will 11 ask each of you to state your agreement on the 12 record, starting with counsel for the witness 13 first, and at the same time, please identify 14 yourself for the record.</p> <p>15 MR. FALVEY: Starting right now?</p> <p>16 THE REPORTER: Sure.</p> <p>17 MR. FALVEY: Okay. My name is Jim 18 Falvey. I'm with the Falvey Law Office and 19 I represent Mr. Hat -- sorry, Hatzigiannis, 20 the defendant -- or, I'm sorry, witness in 21 this matter. And I agree with the order that 22 you referenced with respect to allowing you 23 to swear in the witness remotely.</p> <p>24 THE REPORTER: Thank you.</p>	<p>1 exhibits we're going to be using because I only 2 got Exhibit 40.</p> <p>3 MR. BURDEN: Yeah, so I think that -- 4 so what we've got here, you've got them all. 5 It's a PDF portfolio. So if you go over to 6 the left-hand side, there'll be a collapsible 7 index bar and if you open it up, the first one 8 is Exhibit 40. But you can then navigate down, 9 like you would in like a PDF of a big brief, 10 and click on the exhibits. So the first one's 11 40 because some exhibits were used with previous 12 witnesses. Have you got it?</p> <p>13 MR. MAY: I see what you're saying, 14 yeah. Yeah, I see exactly what you're saying. 15 You pointed to Exhibit 177?</p> <p>16 MR. BURDEN: 177.</p> <p>17 MR. MAY: Okay, very good. Go ahead 18 and proceed.</p> <p>19 BY MR. BURDEN:</p> <p>20 Q All right. Mr. Hatzigiannis, do you 21 recognize CFTC Exhibit 177?</p> <p>22 A Yes.</p> <p>23 Q All right. And this is the subpoena 24 pursuant to which you're appearing here today,</p>
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<p>1 MR. MAY: This is Andrew May. I'm 2 with the law firm of Hinshaw & Culbertson 3 representing Defendant Jeremy Ruth. I have 4 no objection to the remote swearing in of the 5 witness.</p> <p>6 MR. BURDEN: Ashley Burden for the CFTC. 7 No objection.</p> <p>8 JAMES HATZIGIANNIS, 9 called as a witness herein, having been first duly 10 sworn, was examined and testified as follows:</p> <p>11 DIRECT EXAMINATION</p> <p>12 BY MR. BURDEN:</p> <p>13 Q All right. Just one moment, please. All 14 right. Is it Mr. Hatzigiannis or Mr. Hatzigiannis?</p> <p>15 A No, the first one you said was right.</p> <p>16 Q Very good, Mr. Hatzigiannis.</p> <p>17 Mr. Hatzigiannis, would you turn, please, to CFTC 18 Exhibit 177.</p> <p>19 MR. FALVEY: We're pulling it out.</p> <p>20 MR. MAY: Ashley?</p> <p>21 MR. BURDEN: Yes.</p> <p>22 MR. MAY: I only have Exhibit 40.</p> <p>23 MR. BURDEN: I'm sorry. Is that Mr. May?</p> <p>24 MR. MAY: It is. Could you tell me which</p>	<p>1 correct?</p> <p>2 A Correct.</p> <p>3 Q All right. I'd like you to turn next 4 to CFTC Exhibit 178, please.</p> <p>5 A I've got it.</p> <p>6 Q All right. Do you recognize this document?</p> <p>7 A Yeah.</p> <p>8 Q All right. So this is the document 9 subpoena that the CFTC served upon you, correct?</p> <p>10 A Right.</p> <p>11 Q All right. And you've produced documents 12 in response to this subpoena, correct?</p> <p>13 A Right.</p> <p>14 Q Have you produced all documents responsive 15 to the requests in the subpoena?</p> <p>16 A Yes.</p> <p>17 Q All right. All documents within your 18 possession, custody or control?</p> <p>19 A Right.</p> <p>20 Q All right. Are you withholding any 21 documents on the basis of the Fifth Amendment or 22 attorney-client privilege or anything like that?</p> <p>23 MR. FALVEY: Ashley, there are -- 24 James, is -- well, I mentioned it to him, but</p>
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<p style="text-align: right;">Page 9</p> <p>1 there are five pages from the text messages that 2 we are withholding pursuant to attorney-client 3 privilege, and I will get you a privilege log 4 on those.</p> <p>5 MR. BURDEN: Okay. Thank you, Counsel. 6 Q Mr. Hatzigiannis, is that correct? 7 A I'm sorry? 8 Q Is your counsel's statement correct, 9 you are withholding some text messages on the basis 10 of the attorney-client privilege? 11 A Yes, yes, sorry. 12 Q All right. Are there any other 13 documents that you have failed to produce or are 14 otherwise withholding? 15 A No. 16 Q What did you do to search for the 17 documents to collect the documents that you've 18 produced in response to the subpoena, please. 19 A Yeah, I searched in my personal email 20 and my cell phone for text messages. That's it. 21 Q All right. Mr. Hatzigiannis, have you 22 ever given sworn testimony before? 23 A No. 24 Q All right. Well, I'm sure your counsel</p>	<p style="text-align: right;">Page 11</p> <p>1 to talk for a little bit about your personal and 2 professional background, and then we're going to 3 move on to Long Leaf Trading. 4 A Sure. 5 Q So tell me, if you would, please, about 6 your education. I understand you attended college 7 at the University of Missouri, Columbia. Have I got 8 that right? 9 A Right. 10 Q And what degree did you get there? 11 A It was business administration, emphasis 12 in management. 13 Q All right. Did you take any courses on 14 futures? 15 A Not that I recall. 16 Q Any courses on options? 17 A Not that I recall. 18 Q Any courses on trading any financial 19 instrument, including, but not limited to, equities? 20 A Yes. 21 Q All right. And what courses did you take 22 on that, please. 23 A I don't know the exact names so -- 24 but I did take courses.</p>
<p style="text-align: right;">Page 10</p> <p>1 went over the basics with you, but I'm going to 2 do that here too. You and I should try to talk -- 3 try not to talk over each other. This is really 4 a reminder for me, since I tend to do it a lot. 5 It's important to remember to respond verbally 6 with a yes or a no rather than the shaking or 7 nodding of the head. I mean, today your testimony 8 is being recorded, but still for the stenographer 9 we should -- you should try to respond verbally, 10 if you would, please. Additionally, you know, I 11 don't want to confuse you. I don't want you to not 12 know what I'm talking about if I'm asking questions. 13 So do you promise that you will tell me if you don't 14 understand my question? 15 A Of course, yeah. 16 Q All right. And you're represented 17 by counsel here today, isn't that right, 18 Mr. Hatzigiannis? 19 A That's correct. 20 Q And who is your counsel, please. 21 A Jim Falvey. 22 Q Do you have any other counsel? 23 A No. 24 Q All right. Mr. Hatzigiannis, I want</p>	<p style="text-align: right;">Page 12</p> <p>1 Q Okay. How many do you think? 2 A I would say at least five. 3 Q All right. And when -- I ought to 4 know this, but when did you graduate from college, 5 please. 6 A 2016. 7 Q All right. Any postgraduate degrees? 8 A No. 9 Q All right. So let's talk next, if we 10 could, please, about professional licenses. You're 11 a Series 3, correct? 12 A Right. 13 Q And for the record, please, what is a 14 Series 3? 15 A Commodities and futures. 16 Q Commodities and futures what? 17 A What do you mean? 18 Q Well, a Series 3 is a license, correct? 19 A Sure, yeah. 20 Q It's a license to do what? 21 A Be a broker in futures and options. 22 Q Okay. And when did you obtain your 23 Series 3 license, please. 24 A I believe it was August of 2016.</p>

<p style="text-align: right;">Page 13</p> <p>1 Q And do you maintain that license?</p> <p>2 A No, I do not.</p> <p>3 Q All right. When did it lapse, please.</p> <p>4 A I don't know the exact date. Sometime</p> <p>5 maybe three months ago.</p> <p>6 Q How intensive is the Series 3 examination?</p> <p>7 A How intensive?</p> <p>8 Q Yeah. Is it hard?</p> <p>9 A Depending on how much you study. I don't</p> <p>10 think --</p> <p>11 Q Did you study a lot?</p> <p>12 A I studied a good amount, yeah. I passed</p> <p>13 it, so ...</p> <p>14 Q All right. As part of your studies</p> <p>15 for the Series 3 exam, did you learn to read FCM</p> <p>16 statements?</p> <p>17 A FCM statements?</p> <p>18 Q Yeah.</p> <p>19 MR. FALVEY: Objection on clarity.</p> <p>20 BY MR. BURDEN:</p> <p>21 Q Do you know what an FCM is,</p> <p>22 Mr. Hatzigiannis?</p> <p>23 A Yes.</p> <p>24 Q What is it, please.</p>	<p style="text-align: right;">Page 15</p> <p>1 Q Right. And you saw them when you worked</p> <p>2 at Long Leaf Trading, correct?</p> <p>3 A Right.</p> <p>4 Q Did you understand those statements?</p> <p>5 A I understood it, yeah.</p> <p>6 Q Is your testimony that you understood</p> <p>7 the FCM statements that you received?</p> <p>8 MR. FALVEY: Asked and answered. Go ahead.</p> <p>9 A Yes.</p> <p>10 BY MR. BURDEN:</p> <p>11 Q Did you understand all of it or just net</p> <p>12 liquidating value?</p> <p>13 A I understood positions and net liquidating</p> <p>14 value.</p> <p>15 Q Did you understand the rest of the</p> <p>16 statement?</p> <p>17 A I would need to look at a statement.</p> <p>18 Q Got it. Well, we'll look at one in</p> <p>19 a little bit.</p> <p>20 A All right.</p> <p>21 Q Prior to joining Long Leaf Trading did</p> <p>22 you have any experience trading options or futures?</p> <p>23 A No.</p> <p>24 Q All right. So very quickly, you left</p>
<p style="text-align: right;">Page 14</p> <p>1 A Futures clearing merchant.</p> <p>2 Q All right. And do you know what an</p> <p>3 FCM does?</p> <p>4 A Yes.</p> <p>5 Q What does it do, please.</p> <p>6 A It clears trades.</p> <p>7 Q All right. And for customers of the</p> <p>8 FCM they will receive account statements from the</p> <p>9 FCM, is that correct?</p> <p>10 A Yes.</p> <p>11 Q Can you read those statements?</p> <p>12 A I mean, I understand the net liquidation</p> <p>13 value. They're tough to read, to be honest.</p> <p>14 Q So this is what I'm getting at. You've</p> <p>15 got your Series 3. You've taken your Series 3 exam.</p> <p>16 Was any part of the Series 3 exam dependent on you</p> <p>17 knowing how to read FCM statements?</p> <p>18 A I don't recall. I mean, it was a long</p> <p>19 time ago when I took the test, 2016. I don't --</p> <p>20 Q Okay. So your testimony is that</p> <p>21 you've seen -- or I should ask you instead, so</p> <p>22 strike that. Mr. Hatzigiannis, you've seen FCM</p> <p>23 statements, correct?</p> <p>24 A I've seen them, yeah.</p>	<p style="text-align: right;">Page 16</p> <p>1 Long Leaf Trading in December of 2019, is that</p> <p>2 right?</p> <p>3 A Right.</p> <p>4 Q And what did you do after that, please.</p> <p>5 A I'm just trading myself now. I've got an</p> <p>6 eCommerce business as well.</p> <p>7 Q Got it. And are you trading futures</p> <p>8 or options?</p> <p>9 A I am not trading futures but I am trading</p> <p>10 options.</p> <p>11 Q Are the options commodity options?</p> <p>12 A They're not commodity options.</p> <p>13 Q So presumably they're equity options?</p> <p>14 A Right.</p> <p>15 Q All right. So after leaving Long</p> <p>16 Leaf Trading, did you do any commodity futures</p> <p>17 or commodity options trading?</p> <p>18 A No.</p> <p>19 Q Why not?</p> <p>20 A Why didn't I?</p> <p>21 Q Yeah.</p> <p>22 A Just a hassle to get a license, you know,</p> <p>23 approved through the brokerage -- broker.</p> <p>24 MR. FALVEY: Hey, Ashley, I'm sorry.</p>

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1	Did you ask if he was trading on behalf of someone else or for himself?		1 A Yeah. Junior futures associate, junior futures broker.
2			2 Q Okay, thanks. So what were your job
3	MR. BURDEN: I didn't, but that was my next question.		4 responsibilities as a junior futures associate at
4			5 Long Leaf Trading, please.
5	MR. FALVEY: Oh, sorry. Okay.		6 A Cold calling.
6	MR. BURDEN: No, no, no. I appreciate it.		7 Q All right. And what were you cold calling
7	Q Mr. Hatzigiannis, after leaving Long Leaf Trading, did you trade on behalf of any clients		8 for, please.
8	or customers?		9 A For clients.
9	A No.		10 Q Well, what were you offering those clients?
10	Q On behalf of any friends or family members?		11 A To set up an appointment.
12	A Nope.		12 Q And what was that appointment for, please.
13	Q Did you advise any person with respect to		13 A Basically an introductory meeting. Called
14	trading commodity futures or options?		14 it a demo.
15	A No.		15 Q All right. So the cold calling that
16	Q All right. You mentioned you had		16 you were doing as a junior broker, that was to get
17	an eCommerce business. What does that business		17 customers or potential customers to sign up for a
18	do, please.		18 more involved sales pitch down the line, right?
19	MR. FALVEY: Yeah, it's permissible		19 A Yeah, just a sales presentation
20	to answer.		20 appointment.
21	A It's just selling of bracelets, lava		21 Q Got it. And so as a junior broker,
22	bracelets.		22 you know, you did this initial call and the people
23	BY MR. BURDEN:		23 at Long Leaf referred to it as the demo, right?
24	Q All right. So does the eCommerce business		24 A Right.
	Page 18		Page 20
1	have anything to do with trading?		1 Q And so after the demo, the bigger,
2	A No.		2 more involved sales presentation you're trying to
3	Q All right. So, Mr. Hatzigiannis, I want		3 set the customers up to attend, that's called the
4	to move on to Long Leaf Trading.		4 custom, right?
5	A Sure.		5 A Right.
6	Q And we'll talk about that, if we		6 Q All right. So this demo was for
7	could, please, for a little bit sort of generally		7 the purposes of getting people involved or getting
8	and then I want to talk after that about Long Leaf		8 people to sign up for Long Leaf Trading's Time Means
9	Trading's trading programs. So Long Leaf Trading,		9 Money program, is that right?
10	Mr. Hatzigiannis, you started in September of '16,		10 MR. FALVEY: I'd just object in terms
11	is that right?		11 of facts not in evidence, but go ahead.
12	A Right.		12 A Sorry. Could you repeat the question?
13	Q And what was your job title there, please,		13 MR. BURDEN: Yeah. Mary, would you read
14	when you started?		14 that one back, please.
15	A I believe it was a junior futures		15 (Whereupon the portion of the record
16	associate.		16 was read as requested.)
17	Q All right. And who hired you, please.		17 A It was for the Time Means Money program,
18	A Tim Evans.		18 but no one signed up from that presentation.
19	Q All right. And to whom did you report		19 Q Sorry. So your testimony is that the
20	while you were working as a junior futures broker?		20 demo presentation was to solicit customers to sign
21	A Yeah, I reported to Tim Evans.		21 up for the Time Means Money program but they didn't
22	Q All right. And what were your --		22 actually sign up during your demo presentation,
23	you said you were a junior futures broker? That		23 is that right?
24	was your title?		24 A Yep.

<p style="text-align: right;">Page 21</p> <p>1 Q All right. And the idea is that you 2 would cold call these guys, you would set them up 3 for a custom and one of the senior brokers would do 4 the custom and you hoped, you know, they'll sign up 5 for the Time Means Money program after the custom. 6 Have I got that right?</p> <p>7 A I didn't run demos at that time.</p> <p>8 Q Sorry?</p> <p>9 A I was not running the demo presentation 10 during that time.</p> <p>11 Q You mean the custom?</p> <p>12 A No, both.</p> <p>13 Q All right. Got it. Oh, I see. So you're 14 cold calling people to set up the demo?</p> <p>15 A Right.</p> <p>16 Q Got it. So during the time that you 17 were a junior broker, you would cold call people to 18 set up the demo but you didn't do the demo yourself?</p> <p>19 A I did the demo down the road, probably 20 like a year later. But, yeah, you've got the gist.</p> <p>21 Q Got it. All right. So from September 22 of 2016 to maybe September of 2017 you worked as 23 a junior broker and you did cold calls to set up 24 demo appointments, right?</p>	<p style="text-align: right;">Page 23</p> <p>1 it from what I recall.</p> <p>2 Q All right. And was the demo presentation 3 made for the purposes of getting people interested 4 in the Time Means Money program?</p> <p>5 A Right.</p> <p>6 Q All right. And the purpose of the demo 7 presentation was to set people up for the custom 8 presentation down the road, correct?</p> <p>9 A Yes.</p> <p>10 Q At what point did you start doing the 11 custom presentation?</p> <p>12 A I don't know the exact date, but I would 13 say January -- I mean, no, like March 2018 maybe.</p> <p>14 Q All right. So I want to keep talking 15 about the demo presentation, if you could -- if we 16 could, and we'll look at some scripts and listen to 17 some calls later. But I was wondering, can you tell 18 me, please, what you told customers in this demo 19 presentation?</p> <p>20 A Yeah. Like I said, it was a background 21 of Long Leaf, a background on Tim Evans, the ebooks 22 and a little bit about the custom, you know. I had 23 an agenda asking questions at the beginning. I'd 24 try to get to know more about them, basically Know</p>
<p style="text-align: right;">Page 22</p> <p>1 A Correct.</p> <p>2 Q All right. So what did you say to 3 customers on these cold calls?</p> <p>4 A I don't recall. I mean, that's a long 5 time ago.</p> <p>6 Q How did you know what to say?</p> <p>7 A We had a script.</p> <p>8 Q All right. And who gave you the script?</p> <p>9 A Tim Evans.</p> <p>10 Q All right. Do you have a copy of that 11 script anywhere?</p> <p>12 A No.</p> <p>13 Q All right. So it sounds like your 14 job responsibilities changed after September of 15 2017, is that correct?</p> <p>16 A That is correct.</p> <p>17 Q All right. So after September of 2017 18 you started doing the demo presentation, is that 19 right?</p> <p>20 A Right.</p> <p>21 Q What did the demo presentation entail, 22 please.</p> <p>23 A Just basic information about Long 24 Leaf's background, background on Tim. That's about</p>	<p style="text-align: right;">Page 24</p> <p>1 your Customer.</p> <p>2 Q All right. While you were doing the 3 cold calls from September of '16 to September of 4 '17, how many calls do you think you'd make in a 5 day?</p> <p>6 A We were required to make at least 200.</p> <p>7 Q Wow. Did you actually make 200?</p> <p>8 A Yeah.</p> <p>9 Q All right. So September 2017 through 10 March of 2018 you're mostly doing these demo 11 presentations, right?</p> <p>12 A Yeah, primarily.</p> <p>13 Q How many of those do you do in a day?</p> <p>14 A At least two, sometimes four.</p> <p>15 Q Did you do this every day or did you have 16 other job responsibilities?</p> <p>17 A Did this every day.</p> <p>18 Q All right. Now, at some point you 19 were promoted to a senior broker, is that right?</p> <p>20 A Yes.</p> <p>21 Q When was that, please.</p> <p>22 A I don't know the exact date. Probably 23 at the same time I was doing customs.</p> <p>24 Q All right. So earlier 2018?</p>

	Page 25		Page 27
1	A Yeah.	1	language, yeah.
2	Q And who promoted you, please.	2	MR. BURDEN: You know, you guys can
3	A Jim.	3	just -- if it's small and hard to see, which
4	Q Jim who?	4	it is, just navigate to the bottom of the PDF
5	A Donelson.	5	and zoom in on it with the little plus button.
6	Q All right. And to whom did you report	6	MR. FALVEY: Yeah.
7	once you had been made a senior broker?	7	MR. BURDEN: Got it?
8	A Jim Donelson.	8	THE WITNESS: I know what's on there.
9	Q All right. So Jim Donelson was your boss?	9	MR. FALVEY: Okay.
10	A Right.	10	THE WITNESS: It's my LinkedIn.
11	Q All right. So your job responsibilities	11	BY MR. BURDEN:
12	as a senior broker consisted of giving these custom	12	Q All right. So, Mr. Hatzigiannis,
13	presentations, is that right?	13	would you take a moment to look over Exhibit 179
14	A Yes.	14	and when you have, will you please tell me if this
15	Q Any other responsibilities that you had?	15	is a complete and accurate copy of your current
16	A Pitching trades, account management for	16	LinkedIn profile.
17	sure, yeah.	17	MR. FALVEY: Okay. Pull it up.
18	Q Okay. Any other responsibilities as senior	18	A It is accurate, yes. That's my LinkedIn.
19	broker?	19	BY MR. BURDEN:
20	A No.	20	Q All right. Is it also complete?
21	Q All right. And as senior broker, how	21	A Is it complete?
22	many of these custom presentations would you do in	22	Q Yeah.
23	a day?	23	A What do you mean by that?
24	A Sometimes zero, sometimes two, sometimes	24	Q Did I leave anything out when I copied
	Page 26		Page 28
1	three.	1	it or had the forensics people copy it? Is there
2	Q So what's the difference between	2	a page missing? Does everything look like it's
3	the demo presentation and the custom presentation?	3	there?
4	Why is the custom presentation its own thing?	4	A Yeah, everything looks like it's there.
5	A Custom presentation gets more in depth	5	MR. FALVEY: Scroll down.
6	with strategy.	6	A Yes, everything is there.
7	Q All right. And this custom presentation,	7	BY MR. BURDEN:
8	this was a solicitation to -- for customers or	8	Q Okay. No, sorry. Sometimes I'll be
9	prospective customers to sign up for this Time Means	9	quiet for a bit because I'm finding something I need
10	Money program, is that accurate?	10	to talk about.
11	A Right.	11	A All right.
12	MR. FALVEY: May I ask at that --	12	Q As your counsel observed, the print
13	at what time, Ashley?	13	is very small. All right. So I want to direct
14	MR. BURDEN: No, you can't.	14	your attention, if I could, please, to your junior
15	MR. FALVEY: Okay. I'm just asking for	15	commodities associate blurb here. And it says here,
16	time reference purposes. That's all.	16	it says that you are knowledgeable and well versed
17	BY MR. BURDEN:	17	in all financial account disclosures and procedural
18	Q All right. Mr. Hatzigiannis, I'd	18	policy. Did you write that?
19	like you to go to CFTC Exhibit 179, if you would,	19	A No, I did not write that.
20	please.	20	Q All right. Well, who wrote it then,
21	MR. FALVEY: Almost there. It's kind of	21	please.
22	hard to see.	22	A I forget the guy's name, but I hired
23	THE WITNESS: Is it the LinkedIn?	23	somebody to do my LinkedIn.
24	MR. FALVEY: I'm sorry. Excuse my	24	Q Oh, all right. Well, he'll be pleased to

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1 know it's an exhibit. Is this statement true? Is 2 it true that you are knowledgeable and well versed 3 in all financial account disclosures and procedural 4 policy? 5 A With all? 6 MR. FALVEY: Yeah, I'd just object on 7 broad. But if you can answer, go ahead. 8 A I wouldn't say all, no. 9 BY MR. BURDEN: 10 Q All right. So this statement is -- 11 A For the sake of this deposition, I wouldn't 12 say all. 13 Q Okay. So this is just something you paid 14 some guy to write, correct? 15 A Right. 16 Q All right. It says also here that you 17 professionally created the why of why the prospect 18 would open an account at Long Leaf Trading and 19 reported the why as well as financial information 20 of prospects to senior associates. Do you know 21 what that means? 22 A Yes. 23 Q What does that mean, please. 24 A Basically figuring out, you know, why they	1 successfully opened \$1,160,000 in total account 2 value from clients at Long Leaf Trading. Is that 3 true? 4 A That's an estimated value. 5 Q Do you think it's pretty accurate or is it 6 false? 7 A I think it's around there. 8 Q All right. Let's move up, if we could, 9 please, in Exhibit 179 to your blurb about being 10 a senior investment sales specialist and financial 11 advisor. So do you see that bit? 12 A Right. 13 Q All right. So it says here recognized 14 as top producing sales associate at Long Leaf with 15 the highest closing percentage. Is that true? 16 A Yes. 17 Q All right. It says you led extensive 18 closing sales presentations and single handedly 19 closed 35 percent of the company's revenue, of Long 20 Leaf Trading's revenue. Is that true? 21 A It's an estimated number. 22 Q Is the estimate reasonably accurate? 23 A I believe so. 24 Q All right. And you've got a couple of
Page 30	Page 32
1 would open an account with Long Leaf. 2 Q Got it. So does this mean that you 3 worked on sales or promotional materials, that you 4 developed them for Long Leaf Trading? 5 A No. 6 Q All right. Who did that? 7 A Who worked on the promotional material? 8 Q Yes. 9 A We didn't have any promotional material 10 that I know of. 11 Q Well, scripts, right? Scripts are 12 promotional material. 13 A Oh, who wrote the scripts? 14 Q Yeah. 15 A Jeremy Ruth, I'm pretty sure, and Tim 16 Evans. 17 Q All right. There were Power Point 18 presentations too, right? 19 A Right. 20 Q Did you develop those? 21 A I did not. 22 Q Did you help develop them? 23 A No. 24 Q All right. So it says here	1 bullet points here that sort of relate to designing 2 trades or assisting in managing positions. And I 3 want to sort of talk about those together, if we 4 could, please. So what role did you have at Long 5 Leaf Trading, if any, in designing the trades that 6 were recommended to customers? 7 A Yeah, that was towards the end -- 8 end of the tenure of Long Leaf. Jim, I worked 9 closely with Jim on trades. He taught me the 10 strategy, how to develop it, how to develop trades, 11 his strategy. So, you know, I would scan the 12 markets for trades and discrepancies and volatility 13 and design the trade, and he would have the final 14 say or approve it and execute it. 15 Q All right. So, Mr. Hatzigiannis, when did 16 you start assisting in this trade design? 17 A I would say sometime in the summer of 2019. 18 Q All right. So what did Mr. Donelson 19 tell you about the strategy of designing trades for 20 Long Leaf, please. 21 A He taught me the volatility discrepancies 22 between the front month and back month, what markets 23 to look at, strangles, straddles, gut strangle, 24 basically those type of strategies.

<p style="text-align: right;">Page 33</p> <p>1 Q Did Mr. Donelson explain to you why -- 2 and I'm putting the cart before the horse a little 3 bit, but we'll get to the ins and outs of the trade 4 recommendations. Did Mr. Donelson ever explain 5 to you -- yeah, I'll tell you what. Strike that. 6 We'll get there in a minute.</p> <p>7 All right. So, Mr. Hatzigiannis, I 8 want to talk now about Long Leaf's trading program, 9 the recommendations that were offered to customers 10 and I want to sort of do an overview, and I hope 11 that you will help me with that. So when you 12 started at Long Leaf Trading in September of '16, 13 Long Leaf Trading was offering customers a program 14 called Time Means Money, is that correct?</p> <p>15 A Right.</p> <p>16 Q All right. And so this Time Means 17 Money program, it entails a number of things, and 18 I want to sort of sift through them. So first it 19 involved four 4-legged spread trade recommendations, 20 in other words, 16 trades per month that were 21 recommended to clients. Have I got that right?</p> <p>22 A Yes.</p> <p>23 Q All right. And these were all options 24 on futures trades, correct?</p>	<p style="text-align: right;">Page 35</p> <p>1 A I'm pretty sure, yeah. 2 Q Now, everybody gets the same trade 3 recommendations under the Time Means Money program, 4 but some customers might be advised to trade more 5 contracts or fewer contracts, right?</p> <p>6 A Yes.</p> <p>7 Q All right. And the amount of 8 contracts that the customer is advised to trade, 9 that was driven primarily during the Time Means 10 Money program by the amount of equity in that 11 client's account, is that correct?</p> <p>12 A Yes.</p> <p>13 Q So how do you know that?</p> <p>14 A I wasn't part of the trade process, 15 so I don't know.</p> <p>16 Q Well, you just said yes. You know, 17 why do you -- why is the answer yes and not I don't 18 know or no?</p> <p>19 A You asked me if it was part of the 20 equities, depending on the equity size?</p> <p>21 Q Yeah.</p> <p>22 A And what was the question after that 23 again?</p> <p>24 Q Yeah. So what I'm getting at here,</p>
<p style="text-align: right;">Page 34</p> <p>1 A Right.</p> <p>2 Q And these recommendations were provided 3 to clients, you know, by brokers through texts or 4 email or phone calls, is that right?</p> <p>5 A At that time it was not text.</p> <p>6 Q Just emails and phone calls?</p> <p>7 A Yeah.</p> <p>8 Q All right. And did you provide customers 9 with recommendations during the -- I'll just say the 10 time when Evans was in charge?</p> <p>11 A No.</p> <p>12 Q So during that time you were strictly 13 cold calling and then doing those opening demo 14 presentations?</p> <p>15 A Right.</p> <p>16 Q All right. So under the Time Means 17 Money program the client gets a recommendation by 18 phone or email. If the client agrees to the trade, 19 Long Leaf makes the trade on the client's behalf, 20 is that correct?</p> <p>21 A Right.</p> <p>22 Q All right. And everybody who's involved 23 in the Time Means Money program, they get the same 24 trade recommendations, is that correct?</p>	<p style="text-align: right;">Page 36</p> <p>1 you know, my question was, you know, customers 2 are being -- they're being given the same trade 3 recommendations. So some customers, they might 4 be told, hey, you know, you need to trade one 5 contract. Other customers are going to be told, 6 you know, you should trade five contracts, right?</p> <p>7 A Right.</p> <p>8 Q And the amount of, you know, contracts 9 the customer is sort of told that they should trade, 10 that is dependent on the amount of equity, the 11 amount of value in that customer's account, correct?</p> <p>12 A Right.</p> <p>13 Q Yeah. So my question to you is how do you 14 know that?</p> <p>15 A Just -- just being in the room.</p> <p>16 Q Got it. So when you say being in the 17 room, you mean you overheard people at Long Leaf 18 talking about this?</p> <p>19 A Right.</p> <p>20 Q All right. So who did you hear talking 21 about it? How did you gain this understanding?</p> <p>22 A Tim Evans, communication with Tim to 23 the senior associates.</p> <p>24 Q And what did that communication say?</p>

<p style="text-align: right;">Page 37</p> <p>1 A This is the trade we're doing. This is 2 the reason we're doing it.</p> <p>3 MR. FALVEY: Just objection if it was in 4 writing or --</p> <p>5 MR. BURDEN: That's not an objection, Jim.</p> <p>6 Q Keep going.</p> <p>7 MR. FALVEY: Clarification.</p> <p>8 A That's all I got.</p> <p>9 BY MR. BURDEN:</p> <p>10 Q All right. So it's -- your testimony 11 is that you came to understand through working at 12 Long Leaf that the amount of contracts recommended 13 to clients was driven by the size of their account, 14 is that right?</p> <p>15 A Right.</p> <p>16 Q And you came to learn this sort of 17 through being in the office and hearing Mr. Evans 18 and others talk about that, correct?</p> <p>19 A Right.</p> <p>20 Q Did you receive emails to that effect, 21 emails --</p> <p>22 A No.</p> <p>23 Q Sorry. Say it again.</p> <p>24 A I did not receive any emails from Tim Evans</p>	<p style="text-align: right;">Page 39</p> <p>1 A Right.</p> <p>2 Q So did Long Leaf Trading continue to 3 offer this Time Means Money program when Donelson 4 took over in 2018?</p> <p>5 A I think it was for the first month. Then 6 they scrapped it.</p> <p>7 Q All right. And what was it replaced with, 8 please.</p> <p>9 A Something kind of similar except, you 10 know, Time Means Money was options selling, but Jim 11 didn't like options selling strictly. He liked 12 actively managing the position, so it was more 13 debit spreads, you know.</p> <p>14 Q Got it. So is it fair to say that 15 after Mr. Donelson took over at Long Leaf, Long 16 Leaf transitioned to a different kind of trading 17 program that was based on debit spreads?</p> <p>18 A Right.</p> <p>19 Q Otherwise, though, the trading program 20 offered by Long Leaf under Donelson was pretty much 21 the same as before, is that fair to say?</p> <p>22 MR. FALVEY: Objection.</p> <p>23 A I don't know. It was pretty abrupt.</p> <p>24 What do you mean the same as before? There's a lot</p>
<p style="text-align: right;">Page 38</p> <p>1 about trades that I recall.</p> <p>2 Q Got it. All right. During Tim Evans' 3 period, which I, you know, I understand to be -- let 4 me ask it this way. So Tim Evans was, you know, in 5 charge of the company when you started in September 6 of 2016, right?</p> <p>7 A Right.</p> <p>8 Q So when did Donelson take over, please.</p> <p>9 A I believe it was January of 2018.</p> <p>10 Q All right. So, you know, during the 11 time that Evans was in charge, do you have a sense 12 or do you know how many customers participated in 13 the Time Means Money program?</p> <p>14 A No idea.</p> <p>15 Q All right. Did every client participate, 16 or almost every client participate in the Time Means 17 Money program?</p> <p>18 A I would say almost every client did, 19 not every client.</p> <p>20 Q All right. And your testimony is that 21 Donelson took over in January of 2018, correct?</p> <p>22 A That's what I believe, yeah.</p> <p>23 Q Okay. Well, that's what you remember, 24 and that's the important thing.</p>	<p style="text-align: right;">Page 40</p> <p>1 of differences.</p> <p>2 BY MR. BURDEN:</p> <p>3 Q All right. Well, I'm going to ask 4 you about those differences. So, Mr. Hatzigiannis, 5 during the time that Mr. Donelson was in charge, 6 Long Leaf continued to recommend to customers 7 16 trades a month, four 4-legged options on future 8 spread trades, is that correct?</p> <p>9 A Not every time.</p> <p>10 Q But most months?</p> <p>11 A Yeah, I guess, sure.</p> <p>12 Q All right. And recommendations were 13 still provided to customers by emails or calls, 14 but during the Donelson era also by text, is that 15 correct?</p> <p>16 A Correct.</p> <p>17 Q All right. And the client agrees and 18 Long Leaf Trading makes the trade on behalf of the 19 customer, correct?</p> <p>20 A Right.</p> <p>21 Q And under Donelson all the clients get the 22 same recommendations, is that right?</p> <p>23 A The majority of the clients, yeah.</p> <p>24 Q All right. And the number of contracts</p>

<p style="text-align: right;">Page 41</p> <p>1 that the clients were advised to trade, once again, 2 is based on the equity in their account, correct? 3 A Right. 4 Q All right. And while Donelson was in 5 charge you sort of got to a point where you were 6 providing these trade recommendations to clients, 7 correct? 8 A Correct. 9 Q And during your tenure at Long Leaf 10 Trading, how many clients did you have? 11 A Maybe 20, 20 clients, 22. I don't know. 12 Something like that. 13 Q And these were clients that you provided 14 trade recommendations to? 15 A Yep. 16 Q All right. You testified before that 17 there were differences between the trading program 18 offered under Evans and the trading program offered 19 under Donelson. What were the differences there, 20 please. 21 A Sure. So with Tim the strategy 22 was just selling options, letting them expire 23 worthless or not. Jim is more debit spreads, you 24 know, volatility swaps actually. I was more</p>	<p style="text-align: right;">Page 43</p> <p>1 go all the way, is that fair to say? 2 A Right, yeah. 3 Q But under Donelson there were still 4 16 trades approximately that were recommended to 5 customers each and every month, is that right? 6 A I mean, that wasn't like -- that 7 wasn't that strict. We weren't -- it was not like 8 a program like, hey, we're doing 16 trades a month. 9 Like Tim, it could be -- it varied depending on, 10 you know, if there was opportunities out there, 11 how many positions we still had on and things 12 like that. 13 Q Yeah, so let me drill down on that 14 a little. So during Donelson's era there were 15 trades that were described as core trades, is that 16 right? 17 A Yes. 18 Q All right. And there were also 19 trades that were described as opportunistic trades, 20 is that right? 21 A Right. 22 Q All right. And there were also trades 23 that were described as cash management trades, is 24 that right?</p>
<p style="text-align: right;">Page 42</p> <p>1 involved with the trading, so I know more in 2 depth of the strategy. And also he liked actively 3 managing it, just not, you know, sitting on your 4 hands and watching it expire worthless. I guess 5 that was the main difference. It was more actively 6 managed. 7 Q All right. Any other differences 8 between Evans' and Donelson's trade recommendations 9 to customers? 10 A Yeah. Jim also was doing, you know, 11 a gut strangle, you know, straddles, strangles. 12 Tim was just doing iron condors. 13 Q Any other differences? 14 A Not that I can think of right now. 15 Q Got it. So it sounds like, you know, 16 Evans and Donelson had different kinds of trades 17 that they recommended, is that fair to say? 18 A Yeah. 19 Q With Evans it was credit spreads with 20 a view to letting the options expire, is that right? 21 A Right. 22 Q With Donelson it was debit spreads, and 23 those debit spreads were actively managed because 24 you wouldn't want something like that to sort of</p>	<p style="text-align: right;">Page 44</p> <p>1 A Right. 2 Q Any other types of trades during 3 Mr. Donelson's tenure? 4 A Not that I can think of. 5 Q All right. So what are the core trades? 6 A Core trades are volatility swap strangles 7 or straddles, yeah. 8 Q So these core trades, these are 4-legged 9 spread trades, is that fair to say? 10 A Sometimes, sometimes not. 11 Q All right. These opportunistic trades, 12 what are they? 13 A Just something he sees in the market. 14 If he sees an edge that's, you know, obvious, we 15 recommend it. Sometimes -- and those were rarely 16 used and it would take -- it's very fast. We need 17 the clients to respond right away, so that's why 18 they were rarely used. They're just something that 19 he sees funny going on in the market, that he sees 20 a nice edge that's an obvious opportunity and he's 21 trying to get as many clients as possible. 22 Q All right. And what are the cash 23 management trades, please. 24 A That's called a gut strangle. Basically</p>

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<p>1 an in-the-money call, in-the-money put and then 2 you're selling weekly options against it, collecting 3 premium and financing the guts.</p> <p>4 Q All right. So I want to talk about 5 commissions, but I want to go back to Evans and 6 talk about the Evans era. Then I want to talk about 7 the Donelson era. So during Evans' tenure customers 8 were charged commissions on every trade, is that 9 right?</p> <p>10 A That's what I was led to believe, yes.</p> <p>11 Q All right. And you got a piece of that, 12 right, or wrong?</p> <p>13 A I got -- yes, yeah.</p> <p>14 Q All right. How big a piece?</p> <p>15 A You're asking like commission percentage 16 wise?</p> <p>17 Q Yes.</p> <p>18 A 20 percent commission of my client that 19 I opened.</p> <p>20 Q All right. So you testified before 21 you had 20 to 22 clients. Does that include clients 22 that you opened?</p> <p>23 A No.</p> <p>24 Q All right. So you had 20 to 22 clients</p>	<p>1 regardless of whether the trades made money or 2 not, correct?</p> <p>3 A Right.</p> <p>4 Q Did Long Leaf Trading have like a 5 success fee? Like if clients made money would, 6 you know, Donelson charge them more --</p> <p>7 A No.</p> <p>8 Q -- or take a piece of that?</p> <p>9 A No.</p> <p>10 Q Same question for Evans. Any success fee?</p> <p>11 A Not that I know of.</p> <p>12 Q Got it. So is it fair to say that 13 for Long Leaf Trading under Evans and Donelson, the 14 company makes money when customers trade?</p> <p>15 A Right.</p> <p>16 Q Does the company make money when customers 17 win?</p> <p>18 A It's just strictly trading, whether they 19 win or not.</p> <p>20 Q So the answer's -- all right. Sorry. 21 Let me ask that question again. I did exactly what 22 I said we shouldn't do, which is talk over you, and 23 it's because I can't see you because I've got other 24 stuff up.</p>
Page 46	Page 48
<p>1 under Donelson that you're responsible for giving 2 recommendations for, right?</p> <p>3 A Right.</p> <p>4 Q But you opened a lot more accounts than 5 that, right?</p> <p>6 A Yeah, I believe. I mean, that was such 7 a long time ago. I really don't know the number 8 offhand.</p> <p>9 Q Got it. Well, it sounds from your 10 LinkedIn profile like it was 35 percent of at least 11 all of the revenue, right?</p> <p>12 A That was for closing, not opening.</p> <p>13 Q Oh, so it's even more for opening?</p> <p>14 A Yeah, I don't know offhand.</p> <p>15 Q All right. Back to commissions. 16 So under Evans clients paid commission when they 17 traded. Did they pay commission -- and they paid 18 commission regardless of whether the trade made 19 money or not, correct?</p> <p>20 A Right.</p> <p>21 Q All right. Under Donelson's tenure 22 clients were charged commission on trades, correct?</p> <p>23 A Right.</p> <p>24 Q And they were charged commissions</p>	<p>1 MR. BURDEN: Mary, what was my question 2 again, please. You know what, never mind.</p> <p>3 Q I'll do it again.</p> <p>4 A All right.</p> <p>5 Q Did Long Leaf Trading under Donelson 6 or Evans make money if customers were profitable 7 trading?</p> <p>8 A Are you asking if there's like a 9 separate fee if they were profitable or just --</p> <p>10 Q Yeah.</p> <p>11 A There wasn't a separate fee. It was just 12 strictly on the execution on the trade.</p> <p>13 THE WITNESS: I've got to use the bathroom.</p> <p>14 MR. FALVEY: Hey, Ashley, James needs 15 to take a break.</p> <p>16 MR. BURDEN: Oh, okay. When do you guys 17 want to come back?</p> <p>18 THE WITNESS: Like three minutes.</p> <p>19 MR. FALVEY: Like we can -- what time 20 is it, 10:20? Do you want to say 10:30?</p> <p>21 MR. BURDEN: Let's do that. All right.</p> <p>22 I'll see you guys at 10:30. Off the record.</p> <p>23 MR. FALVEY: Okay, thank you.</p> <p>24</p>

<p style="text-align: right;">Page 49</p> <p>1 (Whereupon a recess was taken from 2 10:22 a.m., to 10:36 a.m., after 3 which the following proceedings 4 were had:)</p> <p>5 MR. BURDEN: All right. Back on the 6 record, please.</p> <p>7 Q All right. Mr. Hatzigiannis, how did 8 customers at Long Leaf Trading do?</p> <p>9 A Yeah. What do you mean by -- I mean, like 10 percentage wise, were they profitable?</p> <p>11 Q Yeah. Did customers at Long Leaf Trading 12 make money?</p> <p>13 A At the end it seems like they did not.</p> <p>14 Q All right. And, in fact, 95 percent of 15 Long Leaf's customers lost money, is that correct?</p> <p>16 A I'm not aware of that.</p> <p>17 Q All right. Well, let's drill down 18 a little bit then on your personal knowledge. You 19 said that you had 20 to 22 customers that you were 20 responsible for, is that correct?</p> <p>21 A Yes.</p> <p>22 Q All right. So how many of them made money?</p> <p>23 A I'm not sure.</p> <p>24 Q Well, did any of them make money?</p>	<p style="text-align: right;">Page 51</p> <p>1 of return for your 20 or so customers at Long 2 Leaf Trading?</p> <p>3 A I have no idea.</p> <p>4 Q All right. Annual rate of return for 5 your customers at Long Leaf Trading?</p> <p>6 A No idea.</p> <p>7 Q Do you know how many accounts were 8 opened or closed by you with positive lifetime 9 rates of return?</p> <p>10 A I'm not sure.</p> <p>11 Q Can you tell me the name of any client 12 you had that made money at Long Leaf Trading?</p> <p>13 A Gary Taft (phonetic).</p> <p>14 Q Anybody else?</p> <p>15 A Not off the -- I can't think of any right 16 now, no.</p> <p>17 Q And how much did Gary Taft make during the 18 life of his account?</p> <p>19 A It was a long time ago. I don't really -- 20 maybe 2,000, 3,000.</p> <p>21 Q And how long was his account active for?</p> <p>22 A I think it was six months, four months.</p> <p>23 Q All right. And all your other customers, 24 you don't know if they made money or not?</p>
<p style="text-align: right;">Page 50</p> <p>1 A Jim shut down the business in December. 2 They didn't tell me a thing.</p> <p>3 Q Yeah. But how long were they your 4 customers for?</p> <p>5 A Since I started running the customs, 6 I mean, I acquired more clients over time. So it 7 varies between client to client.</p> <p>8 Q All right. So it sounds like you 9 started acquiring these customers that were yours 10 in March of '18, right?</p> <p>11 A Right.</p> <p>12 Q And some of these customers you had 13 through December of 2019 when the firm shut down, 14 right?</p> <p>15 A Right.</p> <p>16 Q So are you going to tell me you 17 don't know if they made or lost money? Is that 18 your testimony?</p> <p>19 A It seems like they lost money.</p> <p>20 Q What do you mean it seems like they lost 21 money?</p> <p>22 A I don't know for a fact. I'm only saying 23 facts. I don't know for a fact.</p> <p>24 Q All right. What was the monthly rate</p>	<p style="text-align: right;">Page 52</p> <p>1 A Don't know. It seems like they lost money.</p> <p>2 Q You say it seems like. Why do you say 3 that?</p> <p>4 A Because I don't know if they closed the 5 account, what the ending account balance was. I was 6 left without any of that knowledge.</p> <p>7 Q All right. I'll tell you what. I'd 8 like you to turn for me, if you would, please, 9 to CFTC Exhibit 181. So tell me when you're there, 10 please.</p> <p>11 A All right.</p> <p>12 Q All right. Do you recognize CFTC 13 Exhibit 181?</p> <p>14 A Yep.</p> <p>15 Q What is it, please.</p> <p>16 A Looks like the complaint and the decision 17 on that complaint.</p> <p>18 Q By whom?</p> <p>19 A The NFA.</p> <p>20 Q All right. And this was a complaint by 21 the NFA that you settled, correct?</p> <p>22 A Right.</p> <p>23 Q And what did you do to settle the NFA's 24 complaint?</p>

<p style="text-align: right;">Page 53</p> <p>1 A What did I do to settle it?</p> <p>2 Q Yeah. What did you give them?</p> <p>3 A Not ever applying for NFA membership.</p> <p>4 Q So for the folks at home what does that mean?</p> <p>5 A Folks at home what does that mean?</p> <p>6 Q For the record, what does it mean?</p> <p>7 MR. FALVEY: He's being colloquial.</p> <p>8 A Not to apply for a Series 3.</p> <p>9 BY MR. BURDEN:</p> <p>10 Q It means you can't trade for other people, correct?</p> <p>11 A No.</p> <p>12 Q What do you think it means then?</p> <p>13 A I can't trade for other people in futures.</p> <p>14 Q I see. No, that's -- yeah, that's right. Okay. So let's look, if we could, please, to the bottom of page 1 here. It says --</p> <p>15 A Yeah.</p> <p>16 Q The complaint alleges, "that Hatzigiannis, while an AP of Long Leaf, made misleading sales solicitations to prospective customers that exaggerated profit potential; failed to explain the fundamentals and risks of options</p>	<p style="text-align: right;">Page 55</p> <p>1 Q All right. Now, you said in this statement that you failed to disclose that over 95 percent of Long Leaf's customers lost money, you said that that's not true. That's your testimony?</p> <p>2 A That's my testimony.</p> <p>3 Q Even though you settled these allegations and agreed to this finding?</p> <p>4 A Right.</p> <p>5 Q All right. So why is it not true? What about that is wrong?</p> <p>6 A There's no facts and I never was aware of any of this. I don't know. I never saw a piece of paper or anything that says 95 percent of clients lost money, no numbers. So I can't tell you if that's true or not.</p> <p>7 Q But you can't tell me if it's false either, can you?</p> <p>8 A No, I can't.</p> <p>9 Q All right. So I want to drill down on that a little bit. You know, your testimony just now was you never saw a piece of paper, you know, that says 95 percent of Long Leaf's customers lost money. Do you have any reason to believe that this statement in Exhibit 181 about 95 percent of</p>
<p style="text-align: right;">Page 54</p> <p>1 trading; failed to adequately explain the firm's commissions and fee charges or how those charges impacted profitability; and failed to disclose that over 95 percent of Long Leaf's customers lost money." So do you see that?</p> <p>2 A Yeah, I see that.</p> <p>3 Q All right. And so these are the charges you settled by the NFA, correct?</p> <p>4 A Right.</p> <p>5 Q All right. So is that right, is that true, that you failed to disclose over 95 percent of Long Leaf's customers lost money?</p> <p>6 A No, it's not true.</p> <p>7 Q Why did you agree to it then?</p> <p>8 A Because I don't have a lot of money to hire a lawyer to fight the case and take it to trial.</p> <p>9 Q You've got a lawyer now, don't you?</p> <p>10 A I do have a lawyer.</p> <p>11 Q Who's paying that lawyer?</p> <p>12 A And I did have a lawyer before as well.</p> <p>13 Q Oh, so who's paying this lawyer, Mr. Hatzigiannis?</p> <p>14 A Jim Donelson.</p>	<p style="text-align: right;">Page 56</p> <p>1 Long Leaf's customers losing money, do you have any reason to believe that that's wrong?</p> <p>2 A It seems -- well, it seems very high.</p> <p>3 Q Yeah, I think so. But do you have any reason to believe that it's wrong?</p> <p>4 A Do I have any reason to believe that it's wrong. I mean, I was involved in the trading and I don't think we lost that much, to be honest.</p> <p>5 Q How much do you think that you lost for Long Leaf customers?</p> <p>6 A I don't know.</p> <p>7 Q So did you present any evidence to that effect to the NFA? Did you say, hey, this 95 percent is wrong. It's some other number. Did you do that?</p> <p>8 A I was rarely involved with that, with that case.</p> <p>9 Q All right. Let me repeat my question. Did you present any evidence or have your attorney present any evidence to the NFA that this 95 percent number is wrong? Did you say, hey, it's a different number. That's too high?</p> <p>10 A I was never -- I didn't -- I was not aware of that number until the settlement, and</p>

<p style="text-align: right;">Page 57</p> <p>1 I'm not sure what my lawyer presented them or the 2 documents or I didn't present any of those documents 3 myself because that was -- this fact -- well, not 4 a fact, but this number was not presented to me.</p> <p>5 Q So you're telling me that you didn't 6 know this was going to be in the decision when you 7 settled it?</p> <p>8 A Correct.</p> <p>9 Q So this is the first time you're seeing 10 this?</p> <p>11 A It's not the first time I'm seeing this. 12 I obviously saw the, you know, the end result.</p> <p>13 Q Did your lawyer send this to you in advance 14 of you agreeing to the settlement?</p> <p>15 A I would have to look at it. I don't 16 recall.</p> <p>17 Q All right. And who was your attorney 18 in the NFA proceeding?</p> <p>19 A Nick Iavarone.</p> <p>20 Q All right. Well, now that you know 21 about this 95 percent, are you going to do anything 22 to dispute it?</p> <p>23 A If I have the money, I'm going to try. 24 Trying very hard, but it puts --</p>	<p style="text-align: right;">Page 59</p> <p>1 you get these statements from Cunningham? 2 A About every day.</p> <p>3 Q All right. And they came to your email 4 inbox, correct?</p> <p>5 A Right.</p> <p>6 Q And you got one of these account 7 statements for each and every single one of your 8 customers, correct?</p> <p>9 A Right.</p> <p>10 Q And I think I just asked this, but 11 it's one of those days. You got them every day, 12 right?</p> <p>13 A Right.</p> <p>14 Q So you could see how your customers were 15 doing on a day-by-day basis?</p> <p>16 A Yeah, I was looking at the net liq, 17 yeah.</p> <p>18 Q All right. And did you get statements 19 for customers that had been trading with Long Leaf 20 before they became your customers? You know, let 21 me do that differently and just ask, you know, when 22 you started taking on, you know, your own customers 23 in March of 2018, did you inherit customers from 24 other brokers?</p>
<p style="text-align: right;">Page 58</p> <p>1 Q So you're going to -- what -- 2 A -- puts a big damper on finding jobs. 3 Q Yeah. So what are you going to 4 do to challenge this 95 percent number, this -- 5 go ahead.</p> <p>6 A I'm not sure.</p> <p>7 Q All right. So let's turn away from 8 Exhibit 181 for a moment, if we could, please. 9 And, you know, I want to follow up on something 10 you said about not seeing the piece of paper, and 11 I want to talk about pieces of paper that you saw.</p> <p>12 A All right.</p> <p>13 Q All right. So while you were working 14 at Long Leaf Trading did you get customer account 15 statements?</p> <p>16 A Yes.</p> <p>17 Q All right. And where did you get those 18 statements from, please.</p> <p>19 A Cunningham I think, yeah, Cunningham 20 Commodities.</p> <p>21 Q Okay. And Cunningham Commodities was 22 the FCM during Donelson's tenure, is that correct?</p> <p>23 A Right.</p> <p>24 Q All right. And how frequently would</p>	<p style="text-align: right;">Page 60</p> <p>1 A Yeah.</p> <p>2 Q All right. Can you think of the names 3 of any of those customers, please.</p> <p>4 A Dennis Nations, Shahzad Qureshi, 5 Clayton Logomasini. That's about it that I can 6 think of.</p> <p>7 Q So you inherited more clients than 8 just those three, but those are the three that you 9 remember?</p> <p>10 A Oh, yeah. Alan Kirsch too I'm pretty sure, 11 yeah.</p> <p>12 Q All right.</p> <p>13 A (Inaudible).</p> <p>14 Q All right. Sorry about that. It's 15 me that's doing it and it's because I can't -- 16 I can only see the exhibits and not you. Sorry.</p> <p>17 All right. So, Mr. Hatzigiannis, your testimony 18 is that when you started taking on your own clients 19 at Long Leaf in March of 2018, you inherited 20 a number of clients and you can remember four 21 of them, right?</p> <p>22 A Right.</p> <p>23 Q Nations, Qureshi, Logomasini and Kirsch, 24 right?</p>

<p style="text-align: right;">Page 61</p> <p>1 A Right.</p> <p>2 Q And there were more, but you can't</p> <p>3 maybe remember their names just at this moment,</p> <p>4 is that right?</p> <p>5 A Right.</p> <p>6 Q So how many more do you think that</p> <p>7 you sort of inherited in March of 2018 or around</p> <p>8 there?</p> <p>9 A Well, I didn't inherit those until</p> <p>10 later, like later in the summer, summer. I don't</p> <p>11 know. Actually, I didn't inherit those until,</p> <p>12 you know, most of those until Scott left, which</p> <p>13 I forget when Scott Gecas left. I didn't really</p> <p>14 inherit those until then. But, I mean, more of</p> <p>15 those maybe -- I think maybe I inherited I would</p> <p>16 say eight accounts.</p> <p>17 Q Now, Mr. Hatzigiannis, those eight</p> <p>18 accounts that you inherited, was that when you</p> <p>19 started taking on clients in March of '18 or was</p> <p>20 it like later on?</p> <p>21 A No, it was later on.</p> <p>22 Q Got it. All right. So talking about</p> <p>23 these statements you got from Cunningham, did you</p> <p>24 understand the statements? Could you read them?</p>	<p style="text-align: right;">Page 63</p> <p>1 Leaf folded in December of 2019 you were getting</p> <p>2 daily statements for all your client accounts,</p> <p>3 is that correct?</p> <p>4 A I think I didn't have an account</p> <p>5 until probably 2017, so not from August 2016.</p> <p>6 Q Got it. Thank you. So from -- sorry.</p> <p>7 Did you say August 2017?</p> <p>8 A No, I'm saying I didn't receive</p> <p>9 any statements. When you said August 2016 through</p> <p>10 December 2019, I didn't start in August 2016.</p> <p>11 I forget the exact date. I think it was sometime</p> <p>12 in 2017, early 2017 and once I started receiving</p> <p>13 the statements.</p> <p>14 Q Got it. Thank you. So from early 2017</p> <p>15 through December of 2019 you got statements every</p> <p>16 single day for your customers' accounts, correct?</p> <p>17 A Right.</p> <p>18 Q And you understood those statements.</p> <p>19 You could tell how your customers were doing, right?</p> <p>20 A I didn't really understand the statement</p> <p>21 until Jim came in.</p> <p>22 MR. FALVEY: Hey, guys, we're going</p> <p>23 to go use the restroom. We'll be right back.</p> <p>24</p>
<p style="text-align: right;">Page 62</p> <p>1 A Yes, I could read most of them. Yeah,</p> <p>2 most of --</p> <p>3 Q Sorry, go ahead.</p> <p>4 A I'm sorry. Most of it.</p> <p>5 Q Could you understand from the statements</p> <p>6 you received from Cunningham how your customers were</p> <p>7 doing?</p> <p>8 A Yes.</p> <p>9 Q That's the important thing. Let me</p> <p>10 just circle back a little bit and ask about Gain.</p> <p>11 Did you receive customer account statements from</p> <p>12 Gain, the FCM that was there when Evans was in</p> <p>13 charge?</p> <p>14 A Yeah, I did, yeah.</p> <p>15 Q All right. And how frequently did you</p> <p>16 receive them?</p> <p>17 A Every business day.</p> <p>18 Q All right. And these were statements</p> <p>19 that you received from -- for accounts that you had</p> <p>20 opened, is that correct?</p> <p>21 A I believe, yeah. There's some accounts</p> <p>22 I closed too.</p> <p>23 Q So every day really from the time you</p> <p>24 started in September of 2016 through the time Long</p>	<p style="text-align: right;">Page 64</p> <p>1 (Whereupon a recess was taken from</p> <p>2 10:57 a.m., to 11:02 a.m., after</p> <p>3 which the following proceedings</p> <p>4 were had:)</p> <p>5 MR. BURDEN: Sorry for the interruption.</p> <p>6 Mary, back on the record, please, if we were</p> <p>7 ever off.</p> <p>8 MR. FALVEY: I hope we were off.</p> <p>9 BY MR. BURDEN:</p> <p>10 Q All right. So, Mr. Hatzigiannis,</p> <p>11 so your testimony is you were receiving customer</p> <p>12 account statements from early 2017 onwards, correct?</p> <p>13 A Right.</p> <p>14 Q And you're getting them on a daily basis,</p> <p>15 correct?</p> <p>16 A Right.</p> <p>17 Q And you're getting them for customers</p> <p>18 whose accounts you opened in your earlier days at</p> <p>19 Long Leaf Trading?</p> <p>20 A I forget. I think so.</p> <p>21 Q And later on when you had your</p> <p>22 own clients, you were getting statements for those</p> <p>23 clients, right?</p> <p>24 A Right.</p>

1 Q All right. So your testimony 2 is that you didn't understand those statements 3 until Mr. Donelson came along, is that correct? 4 A Yeah, a little after that. 5 Q All right. So before Mr. Donelson 6 came along you would get these account statements 7 and, I mean, could you tell how clients were doing 8 or was it just, you know, gibberish to you? 9 A It was really gibberish to me. 10 Q All right. So did you ask anybody 11 at Long Leaf, hey, can you help me read this? 12 A I don't recall. I mean, I don't remember. 13 Q Do you remember if anybody tried to show 14 you? 15 A No. 16 Q I'm sorry. I asked that question badly. 17 Did anybody try to show you? 18 A I don't think so. 19 Q All right. So, you know, you're sitting 20 there every day for like a year it sounds like just 21 getting these statements and not understanding them. 22 Is that what happened? 23 A Yeah, basically. I really didn't open 24 those up, to be honest.	Page 65	1 Q And what were their names, please. 2 A Mark Burns, Luis Molina and Jack Konrath. 3 Q And you learned from conversations with 4 these other junior associates that customers were 5 losing money at Long Leaf? 6 A Yeah. 7 Q So, you know, what did they say about it? 8 A Just saying, you know, I don't know 9 if I want to do this any longer, stuff like that. 10 Q And who said that? Who said I don't know 11 if I want to do this any longer? 12 A Mark Burns. 13 Q All right. But you kept doing it, didn't 14 you? 15 A Obviously, yeah. 16 Q All right. So you said that you 17 didn't really understand these customer statements 18 you were getting. You really weren't opening them 19 until Donelson came along, is that right? 20 A Yeah, until I, you know, had a good -- 21 you know, until I actually closed a client, yeah. 22 Q All right. And when did you close that 23 first client, please. 24 A I believe once the money came in	Page 67
1 Q Why not? 2 A Because I didn't understand them, 3 so I didn't -- and it was not part of my job. 4 I was account -- 5 Q Was it -- 6 A -- opening, open. 7 Q So during the time that you worked 8 for Long Leaf under Evans, you know, until you 9 were taught to read these statements, did you have 10 any idea of how Long Leaf's customers were doing, 11 if they were making money, if they were losing 12 money? 13 A To me it sounded like they were losing 14 money. 15 Q Why do you say that? 16 A Because some people, some accounts 17 were getting closed, yeah. Just based on the 18 conversations of what I remember, I don't know the 19 exact words that were said, but it just didn't sound 20 like clients were profitable. 21 Q All right. And with whom did you have 22 these conversations where you gleaned that, you 23 know, trading was not profitable? 24 A The other junior associates.	Page 66	1 it was February of 2018, I believe. 2 Q Got it. And do you remember the name 3 of that first client? 4 A Yeah, Marc Sola-Cruz. 5 Q All right. And so after you opened 6 that first client, did Mr. Donelson teach you how 7 to read these account statements? 8 A Actually, Tim was still there and 9 Tim told me to look at the net liq, just pay 10 attention to the net liq. And then over time Jim, 11 you know, finally -- after I got more clients, you 12 know, I started, you know, asking more questions, 13 and over time I finally figured out how to actually 14 read it. 15 Q All right. So when would you say you 16 finally figured out how to read your customers' 17 account statements? 18 A I don't remember. I really don't. 19 Q Well, do you think it was like a year 20 after? Do you think it was -- well, thank you. Do 21 you think it was a year after you started bringing 22 in clients, longer, shorter? 23 A I would say maybe middle 2018, summer. 24 Q All right. So by summer of 2018 you	Page 68

<p>1 were getting these statements and for the first time 2 you understood them, right? 3 A Yeah, I under -- yeah, exactly. 4 Q And you could tell how customers were 5 doing, right? 6 A Right. I mean, I could see the net liq, 7 how it was changing daily, yeah. 8 Q All right. So summer of 2018 you 9 understand these statements. Did you understand 10 them before that or was it all just a total mystery 11 to you and you had no idea how customers were doing? 12 A Like I said, I was not opening those 13 statements before then. 14 Q All right. So I want to switch gears -- 15 well, you know what, never mind. All right. So by 16 summer of 2018 you could read and understand these 17 account statements, right? 18 A Yes. 19 Q All right. So now that you can 20 understand the account statements, you can see how 21 customers are doing, right? 22 A Yeah. 23 Q How did customers do? How did your 24 customers do?</p>	<p>Page 69</p> <p>1 A Yeah, that was towards the end of my 2 tenure. 3 Q Got it. And when did that start, please. 4 A I can't give you -- I can give you 5 an estimate. I think I said summer of 2019. 6 Q Is it fair to say that while you 7 were working at Long Leaf Trading you received 8 complaints from customers that they were losing 9 money? 10 A Yeah, sometimes. 11 Q Is it fair to say you received those 12 complaints on a regular basis? 13 A No, it's not fair. 14 Q How many customer complaints do 15 you think that you received about customers losing 16 money or complaining about their account value? 17 A To me personally? 18 Q Yeah. 19 A I think there was about four guys that 20 gave me trouble. 21 Q What do you mean by trouble? 22 A Talking to me every day. 23 Q And what did they talk about? 24 A How's my -- why's my net liq dropping,</p>
<p>1 A They were doing really good, and then 2 I think it was December of 2018 where there was -- 3 I think the stock market went down about 20 percent, 4 the whole U.S./China thing, and we got a lot of 5 positions that -- I mean, a couple positions that 6 went underwater, I believe, poor risk management. 7 Q All right. When you say your customers 8 were doing well, what do you mean by that? 9 A They were profitable. 10 Q All right. So I want to sort 11 of press you a little on that because according 12 to the trading records that we have -- and this 13 is not your customers alone. This is all of Long 14 Leaf's customers lost \$54,000 in July, made another 15 52 in August, lost 4, made a little money October- 16 November, and then December and then substantially 17 all of 2019 were massive losses. Is that consistent 18 with your recollection? Do you think that's right? 19 A Yeah, I think that's -- it sounds right 20 I think. 21 Q All right. So let me -- I want to 22 switch gears a little bit and talk about trades. 23 So your testimony earlier is that you helped design 24 some of Long Leaf's trades, is that right?</p>	<p>Page 70</p> <p>1 what's going on, stuff like that. 2 Q What did you tell them? 3 A I don't really recall. I mean, I would 4 try to, first of all, calm them down and tell 5 them that, you know, these are option positions, 6 these are debit positions. We have a lot of time 7 on them, you know, over a month or two. So let them 8 materialize and we're going to try to exit at the 9 best point of your best interests. 10 Q So is that usually what you would tell 11 clients if they complained about net liq being down? 12 A Yeah, primarily. 13 Q So if a customer calls and they're 14 saying I'm losing money, you would tell them we 15 have open positions, you know, wait and see how it 16 turns out? 17 A No. I mean, not like that. You've 18 got to -- we gave them a fundamental breakdown, 19 a technical breakdown on what was going on in the 20 market, what we were trading, how much time was left 21 on the option position. I mean, there's a lot of 22 different catalysts, you know, different variables 23 with that. 24 MR. BURDEN: All right. You guys,</p>

<p>1 we're going to switch now and talk about --</p> <p>2 Q You know what, before we do that, did</p> <p>3 you ever talk to Mr. Donelson about how customer</p> <p>4 accounts were performing?</p> <p>5 A Yes.</p> <p>6 Q All right. Did you have those</p> <p>7 conversations regularly or maybe just a few of them?</p> <p>8 A I would say it was quite often.</p> <p>9 Q All right. Like on a weekly basis?</p> <p>10 A I would say more than that, more frequently</p> <p>11 than that.</p> <p>12 Q And did Mr. --</p> <p>13 A Probably on a daily basis, actually.</p> <p>14 Q All right. So, I mean, on a daily</p> <p>15 basis, was this like a meeting or would you just</p> <p>16 talk to him?</p> <p>17 A I sat across from him, so really close</p> <p>18 with him. We would talk back and forth -- and this</p> <p>19 is towards the end of my tenure at Long Leaf, again,</p> <p>20 yeah. If I saw the net liq going down dramatically,</p> <p>21 then I would question Jim, yeah.</p> <p>22 Q Did Mr. Donelson ever express to you</p> <p>23 that customer accounts were losing money? Did he</p> <p>24 ever say that to you?</p>	<p>Page 73</p> <p>1 am I going to tell customers? That's one of the</p> <p>2 things you asked him?</p> <p>3 A Yeah.</p> <p>4 Q What did he tell you?</p> <p>5 A The same thing I was telling you.</p> <p>6 We have open positions on, have to let them</p> <p>7 materialize. And whatever was going on with the</p> <p>8 market at that point, whatever market we were in,</p> <p>9 if there was big catalysts coming up, like crop</p> <p>10 reports or Trump meeting with President Xi, that</p> <p>11 could affect the markets, FOMC meetings. Just so</p> <p>12 many different variables.</p> <p>13 Q Got it. So is it fair to say that</p> <p>14 through 2019 you understood that customer accounts</p> <p>15 were losing money across the board?</p> <p>16 A Towards the end, like all the way towards</p> <p>17 the end.</p> <p>18 Q When was that, please.</p> <p>19 A Like winter of 2019.</p> <p>20 Q And your testimony is that before winter</p> <p>21 of 2019 you had no idea that all the customers were</p> <p>22 losing money?</p> <p>23 A Right.</p> <p>24 Q Is that what you're telling me?</p>
<p>1 A Did he ever say that word for word, that</p> <p>2 they were losing money?</p> <p>3 Q Not word for word. I mean, did</p> <p>4 Mr. Donelson and you ever discuss how customer</p> <p>5 accounts were not profitable?</p> <p>6 A Yeah. I mean, but there were still</p> <p>7 positions on, you know. He never said they were</p> <p>8 not profitable but he said, you know -- I would</p> <p>9 just question him and he'd say, well, we're trying</p> <p>10 to do four of these positions and, you know, they're</p> <p>11 losing positions. Some of them are underwater.</p> <p>12 This is what we're trying to do.</p> <p>13 Q All right. Did you ever press Mr. Donelson</p> <p>14 and ask, you know, why are customers losing money?</p> <p>15 A I pressed him towards the end, like</p> <p>16 really, really at the end. But he just was calm and</p> <p>17 I couldn't understand it, to be honest.</p> <p>18 Q Well, what did you say to him?</p> <p>19 A I would just repeatedly ask him until --</p> <p>20 I would just repeatedly ask him, you know. I would</p> <p>21 ask him the same questions over and over again, like</p> <p>22 what are we going to do with these, what should</p> <p>23 I tell, you know, customers, things like that.</p> <p>24 Q So you asked Mr. Donelson what</p>	<p>Page 74</p> <p>1 A Right.</p> <p>2 Q Even though you're getting statements</p> <p>3 every day?</p> <p>4 A Right.</p> <p>5 Q That doesn't make a lot of sense to</p> <p>6 me. Can you reconcile that? How can this have</p> <p>7 been news to you? How could you have first learned</p> <p>8 in December of 2019 that all the accounts were</p> <p>9 losing money when you were getting daily statements</p> <p>10 for your clients?</p> <p>11 MR. FALVEY: Objection, argumentative,</p> <p>12 compound, et cetera. Go ahead.</p> <p>13 A Yeah. So, sorry, can you ask the question</p> <p>14 again?</p> <p>15 BY MR. BURDEN:</p> <p>16 Q Yeah, sure. So you're getting statements</p> <p>17 for your clients every day, right?</p> <p>18 A Right.</p> <p>19 Q So how can it have been a surprise</p> <p>20 to you in December of 2019 that all of the customer</p> <p>21 accounts were down?</p> <p>22 A I thought you meant like they lost</p> <p>23 money, like they're out, like I closed an account,</p> <p>24 they're done, it's official, they've lost money.</p>

<p style="text-align: right;">Page 77</p> <p>1 I understood that obviously the net liq's going 2 down, but I wouldn't say they lost it. They were 3 losing and sometimes they'd come back up, you know. 4 It's big swings, especially with options on futures, 5 especially debit spreads.</p> <p>6 Q So it sounds like in your mind a customer 7 doesn't lose money until like the account's 8 completely closed, right?</p> <p>9 A Yes.</p> <p>10 Q But there were a bunch of accounts 11 at Long Leaf that were completely closed, right?</p> <p>12 A I'm not aware. I'm not sure.</p> <p>13 Q Were any of your customers' accounts 14 completely closed during the time you were there?</p> <p>15 A The inherited ones, yeah.</p> <p>16 Q All right. And how many of those got 17 closed?</p> <p>18 A I don't know an exact number. I don't 19 know, maybe four. I don't know.</p> <p>20 Q So those were customers that lost 21 substantially all their money, right?</p> <p>22 A Yeah, that was primarily with Tim Evans.</p> <p>23 Q But they were your customers, weren't they?</p> <p>24 A I inherited them, yeah, and they closed</p>	<p style="text-align: right;">Page 79</p> <p>1 A I saw them decline. Sometimes I saw them 2 increase a lot too.</p> <p>3 Q Well, what months did they increase a lot?</p> <p>4 A I don't know. I need to see the record.</p> <p>5 I need to see -- but I know for a fact they were.</p> <p>6 Q Yeah, there were a couple of months where 7 customers were up, isn't that right?</p> <p>8 A Yeah, that's correct, yes.</p> <p>9 Q Yeah. But most of the months customers 10 were way down, isn't that right?</p> <p>11 A I don't know.</p> <p>12 Q Well, you should know because you got the 13 statements every day, didn't you?</p> <p>14 MR. FALVEY: Objection.</p> <p>15 A That was so long ago.</p> <p>16 BY MR. BURDEN:</p> <p>17 Q It was December of 2019.</p> <p>18 A December 2019, yeah, that's when they 19 lost -- they lost -- that's when they closed shop.</p> <p>20 That's when the positions went big time loss, yeah.</p> <p>21 Q All right. So we've done enough with 22 this. Let's move on to some recorded calls.</p> <p>23 A All right.</p> <p>24 Q Here goes nothing.</p>
<p style="text-align: right;">Page 78</p> <p>1 their account right after I inherited it. I didn't 2 even have a chance.</p> <p>3 Q Yeah, and you inherited them in summer 4 of 2018. That's your testimony, right?</p> <p>5 A Summer of 2018, yeah.</p> <p>6 Q All right. So that was when Donelson 7 was in charge, wasn't it?</p> <p>8 A That's when he started putting the 9 strategy -- implementing the strategy, yeah.</p> <p>10 Q Got it. So you had seen at least four 11 of your customers lose all of their money at Long 12 Leaf, correct?</p> <p>13 A Yeah, but you're acting like I made them 14 lose money.</p> <p>15 Q Now --</p> <p>16 A You're acting like I knew they lost 17 money before then. I was assigned their account 18 that was depleted when I got their account. That 19 was the first time I was aware of it.</p> <p>20 Q Right. And after you got more customer 21 accounts and you learned to read and understand 22 their statements, you saw the accounts decline 23 steadily in value, particularly through 2019, 24 isn't that right?</p>	<p style="text-align: right;">Page 80</p> <p>1 MR. BURDEN: I'm going to try to play 2 this to you guys and we'll see if it works.</p> <p>3 All right. Can you guys see this dashboard?</p> <p>4 MR. FALVEY: Yes. Sorry, you should 5 answer.</p> <p>6 A Yes.</p> <p>7 MR. BURDEN: All right. I want 8 to show you what I'm marking for the record 9 as CFTC Exhibit 183. This is a recorded call 10 produced to us by Long Leaf Trading between 11 James Hatzigiannis and customer Patrick 12 Campbell. At least that's what the metadata 13 reflects. It's dated in the metadata May 23, 14 2018. So let's give it a listen, and I'm going 15 to start it at -- you know, I'll start it at 16 7:34, but we're going to listen for a little 17 bit.</p> <p>18 (Whereupon the recording was played.)</p> <p>19 MR. BURDEN: All right. You guys 20 are shaking your heads. Can you hear this?</p> <p>21 MR. FALVEY: It's really hard to hear. 22 I just turned it up a little bit if you want 23 to try it again. I don't know if you can turn 24 it up on your side a little.</p>

<p>1 MR. BURDEN: Yeah, I can't control the 2 volume on your side. 3 MR. FALVEY: Okay. 4 MR. BURDEN: Yeah, this works pretty 5 well in person but not maybe over the, you 6 know, not maybe over the -- over the web. 7 All right. Well, I'll tell you what. Maybe 8 we don't need to play it right now anyway. 9 Could you guys go to your PDF portfolio, please, 10 and turn to CFTC Exhibit 189. 11 MR. FALVEY: Yep. 12 MR. BURDEN: And let me know when you're 13 there, please. 14 MR. FALVEY: Sure. Okay, we have it. 15 BY MR. BURDEN: 16 Q Great. So, Mr. Hatzigiannis, would 17 you take a look at this exhibit, please, and tell 18 me if you recognize it. 19 A Yeah, I recognize it. 20 Q All right. Can you tell me what 21 Exhibit 189 is, please. 22 A Yeah. It's a bunch of ideas that 23 I put together, or all of us put together, shared 24 documents, basically talking points for the demo</p>	<p>Page 81</p> <p>1 page 2 of Exhibit 189. 2 A Okay, got it. 3 Q And one of the things it says here 4 is, "We utilize our option strategies with defined 5 risk to generate consistent income month over month 6 for our clients no matter the market movement." 7 Did you come up with this or was this in the 8 original script? 9 A That was in the original script. 10 Q All right. Is that something that 11 you said to prospective customers on your calls? 12 A I don't remember, to be honest. 13 Q All right. Let's turn to page 4, if we 14 could, please. 15 A Okay. 16 Q You know what, I'll tell you what. 17 Let's not worry about that. 18 MR. BURDEN: I want to go off the 19 record because I think just playing this 20 call is going to be a lot better and easier 21 than fumbling through these scripts, so I'm 22 sure we can get some speakers in here. So off 23 the record, please, for ten minutes. 24 MR. FALVEY: All right.</p>
<p>1 presentation. It's basically ideas, yeah, basically 2 ideas for the demo presentation. 3 Q Okay. So the title of the file is 4 New Demo Script. So was this a script that you used 5 in your demo presentations? 6 A No. 7 Q So what script did you use? 8 A The one that was approved, not this one. 9 Q Got it. All right. So your -- 10 this draft here we see in Exhibit 189, was this 11 incorporated into the approved version or what was 12 this? 13 A No. This was -- so, you know, 14 I read that script a lot and I basically made 15 my own version of talking points from that script 16 for the demo because I didn't read it word for word 17 over time, you know. It was basically what I was 18 comfortable with saying and -- but it wasn't a 19 script. It's just, you know, something I was 20 helping out the other brokers with. 21 Q So that they could sort of have your 22 CliffsNotes for the script? 23 A Yeah, something like that, yeah. 24 Q Got it. All right. So let's look at</p>	<p>Page 82</p> <p>1 MR. BURDEN: Thanks. 2 (Whereupon a recess was taken from 3 11:30 a.m., to 11:47 a.m., after 4 which the following proceedings 5 were had:) 6 MR. BURDEN: All right. Could we go back 7 on the record, please. 8 MR. FALVEY: Yeah. 9 MR. BURDEN: All right. So I want 10 to play a recorded call. I have marked it 11 as CFTC Exhibit 183. It's a call Long Leaf 12 produced between Mr. Hatzigiannis and customer 13 Patrick Campbell, and the call is in the 14 metadata marked as having occurred on May 23, 15 2018. So I'm starting it here around seven 16 minutes, and we're going to listen for a 17 little bit. 18 (Whereupon the recording was played.) 19 MR. BURDEN: All right. So I'm going 20 to stop it there at 8:02. 21 Q So, Mr. Hatzigiannis, is that you on the 22 call? 23 A Yes. 24 Q All right. So I want to talk about</p>

<p style="text-align: right;">Page 85</p> <p>1 this statement you make on the call that Long 2 Leaf utilizes option strategies with defined risk 3 to generate that consistent income month over month. 4 Is that something you said on substantially all of 5 your calls with customers?</p> <p>6 A I don't remember.</p> <p>7 Q Is it something that was part of the 8 script you followed?</p> <p>9 A I believe so.</p> <p>10 Q All right. And did you continue 11 to follow that script while Donelson was in charge 12 of Long Leaf Trading?</p> <p>13 A Which -- is this a demo?</p> <p>14 Q I couldn't say.</p> <p>15 A Okay. It seems like it was a demo, to my 16 knowledge. I was not reading a script at that time. 17 So that was all me, but yeah.</p> <p>18 QOkay. Well, you say here in the call 19 we listened to that Long Leaf Trading utilizes 20 option strategies with defined risk to generate 21 that consistent income month over month. How did 22 you know to say that? Like where did you get that 23 idea from to say that?</p> <p>24 AThat's what I was led to believe and</p>	<p>1 a moment.</p> <p>2 MR. MAY: Sure.</p> <p>3 MR. BURDEN: All right. So I'm going 4 to pick it up here a little bit further in at 5 approximately ten minutes in, ten minutes and 6 four seconds or so.</p> <p>7 (Whereupon the recording was played.)</p> <p>8 MR. BURDEN: All right. I'm going to stop 9 it there at 11 minutes in.</p> <p>10 Q Mr. Hatzigiannis, this statement 11 you're making to the customer, and I'm paraphrasing, 12 that 76.5 percent of all options expire worthless 13 according to the CME and that's what Long Leaf is 14 basing its strategy on, how did you know to say 15 that? Where did that come from?</p> <p>16 ATim Evans. It was part of a demo script.</p> <p>17 QAll right. And did you -- sorry?</p> <p>18 AYeah. I mean, that's what Tim -- Tim was 19 very -- emphasized that a lot.</p> <p>20 QAll right. And did you continue to 21 say that to customers during Donelson's tenure?</p> <p>22 ANo, I stopped using it after that.</p> <p>23 QWell, this call is dated May 23, 2018 24 and we just heard you say that 76.5 percent of</p>
<p style="text-align: right;">Page 86</p> <p>1 taught to say --</p> <p>2 Q All right. And who told you to say --</p> <p>3 A -- by Tim Evans. Tim Evans.</p> <p>4 Q All right. Now, this call occurred 5 in May of 2018 and Donelson was in charge at that 6 time, wasn't he?</p> <p>7 A Yes.</p> <p>8 Q All right. So during Donelson's 9 tenure did you continue to tell customers that 10 Long Leaf generated consistent income month over 11 month?</p> <p>12 A I don't remember.</p> <p>13 Q All right. Were there any customers 14 you're aware of who did enjoy consistent income 15 month over month from Long Leaf Trading?</p> <p>16 A Was there customers who would generate -- 17 got consistent income, is that what you're asking?</p> <p>18 Q Yeah.</p> <p>19 A Not to my knowledge, no.</p> <p>20 Q All right. Let's keep listening, if we 21 could, please.</p> <p>22 MR. MAY: Ashley, where are you picking 23 up from?</p> <p>24 MR. BURDEN: I'll tell you in just</p>	<p style="text-align: right;">Page 88</p> <p>1 options expire worthless and that's what Long Leaf 2 bases its strategy on, right?</p> <p>3 A Yeah, he must have implemented to take 4 that out after I had this conversation.</p> <p>5 Q Okay. So at some point that came out 6 of the presentation?</p> <p>7 A Right.</p> <p>8 Q Do you remember when that was?</p> <p>9 A I don't. Not exactly, no.</p> <p>10 Q Well, was it like in 2019 do you think 11 or 2018?</p> <p>12 A It could have been like right after that 13 call, to be honest.</p> <p>14 Q Do you know if it was?</p> <p>15 A I don't know. I can't tell you.</p> <p>16 Q So before that time, this 76.5 percent 17 statistic, did you say that to substantially all 18 of the customers you talked to?</p> <p>19 A Yes.</p> <p>20 Q So did 76.5 percent of all of Long Leaf's 21 trades make money for customers?</p> <p>22 A That's tough to say, but I believe that 23 they didn't.</p> <p>24 Q Did not?</p>

	Page 89		Page 91
1	A I don't know. I don't know.	1	Q All right. What reason did you have
2	Q Well, substantially all of them lost	2	to believe that that was true? It seems like you
3	money, so is it fair to assume that 76.5 percent	3	knew that it wasn't.
4	of the trades were not profitable?	4	A No, that was -- that's what I believed.
5	A I don't know.	5	That's what I was taught and that's --
6	MR. BURDEN: All right. Let's pick	6	Q Who told you that?
7	this right back up at 11 minutes.	7	A Tim Evans.
8	(Whereupon the recording was played.)	8	Q What did he say to you?
9	MR. BURDEN: All right. So let me stop	9	A He said stick to the script.
10	that there at 11:50.	10	Q All right. Did Mr. Evans tell you that
11	Q So this statement you make here,	11	all of the customers were making money?
12	Mr. Hatzigiannis, that Long Leaf measures its	12	A No.
13	success based on its clients' success and Long	13	Q Did Mr. Evans tell you that customers
14	Leaf wouldn't able to manage millions of dollars	14	were being profitable?
15	and work with all these customers if they weren't	15	A No, he didn't.
16	being profitable for them, you know, how did you	16	Q So Mr. Evans gave you this script and
17	know to say that?	17	you read the script, right?
18	A That's what I was taught to say.	18	A Right.
19	Q By whom?	19	Q And that's what he told you to do?
20	A Tim Evans.	20	A Right.
21	Q And you continued saying that to customers	21	Q And you continued to follow this
22	during Donelson's tenure, isn't that right?	22	script at least until May of 2018 because that's
23	A No. I mean, at that point I did.	23	what we're listening to here, correct?
24	Q When did you -- yeah.	24	A Right.
	Page 90		Page 92
1	A I would have stopped, like I said,	1	Q All right. So I feel a bit bad.
2	after that call, but I remember Jim scrapping that	2	I've got to bust your chops here. But, you know,
3	at some point.	3	why did you do that? By May of 2018 we've already
4	Q Do you remember what point that was?	4	established you were reading and understanding
5	A To be honest, I thought it was earlier	5	customer statements. You had certainly been
6	than this call, but I guess not. I don't know the	6	receiving them. It doesn't seem like you had
7	exact date, so I don't know.	7	any basis to tell customers that. So why did
8	Q What -- so did Mr. Donelson tell you to	8	you do it?
9	stop telling people, you know, that clients were	9	MR. FALVEY: Objection, argumentative.
10	profitable in this manner?	10	Go ahead.
11	A I don't know.	11	A Because I wanted to keep my job.
12	Q Is there any evidence of that? Like	12	BY MR. BURDEN:
13	did he send that to you in emails? Did he say don't	13	Q Even though you knew that these statements
14	use that old script?	14	were wrong?
15	A I'm not sure.	15	A The statements were wrong?
16	Q All right. And this business about	16	MR. FALVEY: Objection, mischaracterizes
17	bringing a strong return for clients and measuring	17	testimony. Go ahead.
18	success based on clients' success and that Long	18	A What do you mean the statements were
19	Leaf wouldn't be able to work with clients and	19	wrong?
20	manage millions of dollars if they weren't being	20	BY MR. BURDEN:
21	profitable, you said that to substantially all	21	Q Well, Long Leaf Trading's recommendations
22	of the people that you talked to, at least through	22	to clients were not profitable, were they?
23	May of 2018, is that right?	23	A Some of the trades were profitable, some
24	A Right.	24	of them were not.

<p>1 Q But overall the clients lost money, 2 95 percent of it, correct? 3 A Again, I don't know. 4 Q So you don't know, but you're telling 5 customers that you wouldn't be able to work with 6 all these clients unless they were being profitable. 7 We just heard you say that, right? 8 A Right. 9 Q But it doesn't sound like you had any 10 basis to say this. It sounds like you didn't really 11 know if customers were doing well or not, is that 12 fair to say? 13 A That's fair to say. 14 MR. BURDEN: All right. Let's keep 15 listening to this call. All right. I'm going 16 to skip some of this for the sake of brevity, 17 and I'm going to move on to 35:22. 18 (Whereupon the recording was played.) 19 MR. BURDEN: All right. I want to stop 20 it there at 36:13. 21 Q So, Mr. Hatzigiannis, this thing 22 you're saying that you'd like for Mr. Campbell 23 to give some thought to the return he would want, 24 20 -- you know, 10, 15, 20, 30 percent, how did you</p>	<p>Page 93</p> <p>1 A Right. 2 Q All right. So -- sorry, give me 3 just a moment here. All right. So let me ask 4 you this, Mr. Hatzigiannis. Why did you say this 5 to customers? Why did you ask customers to tell 6 you what return they want so you can show them how 7 you'd target it? 8 A That was in the script. 9 MR. BURDEN: All right. I'm going 10 to do one more bit from this, and we're going 11 to start it at approximately 16 minutes in. 12 (Whereupon the recording was played.) 13 MR. BURDEN: All right. So I'm going to 14 stop it there at 18 minutes. 15 Q So, Mr. Hatzigiannis, this piece in 16 the presentation where you talk about how 90 percent 17 of, you know, individual traders lose money and Long 18 Leaf has a better way, is that something you said 19 to substantially all the customers you talked to, 20 at least through May of 2018? 21 A Yes. 22 Q All right. And why did you say that? 23 A In the script. 24 Q All right. So when -- Mr. Donelson</p>
<p>1 know to say that? 2 A It was in the script. 3 Q All right. And you continued to tell 4 this to substantially all of your customers at least 5 through May of 2018, correct? 6 A Right. 7 Q Is there any client at Long Leaf who 8 successfully got the 10 percent returns that you're 9 aware of? 10 A That closed? No, I'm not. I'm not aware. 11 Q 15 percent? 12 A I'm sorry? 13 Q Are you aware of any clients of Long 14 Leaf that enjoyed a 15 percent return on their 15 investments? 16 A No. 17 Q 20 percent? 18 MR. FALVEY: No, you're not aware or -- 19 A No, I'm not aware. 20 MR. FALVEY: Not aware. 21 BY MR. BURDEN: 22 Q All right. And certainly you're not aware 23 of any customer of Long Leaf who got 30 percent 24 return, correct?</p>	<p>Page 94</p> <p>1 took over in December of 2018, is that right? 2 A I think it was January 2018. 3 Q Okay. So when Mr. Donelson took over, 4 and you're right, in January of 2018, did he give 5 you like new scripts or new presentations to use? 6 A Over time he -- yeah, he gave us -- 7 Q Okay. 8 A -- over time. 9 Q All right. When did -- what I want 10 to try to do, Mr. Hatzigiannis, is figure out, 11 you know, how long you used the old script, when 12 the new ones came in. So I'm going to press you 13 on dates and we're going to look at some emails. 14 So with that sort of roadmap in mind, let me start 15 over a little bit and ask, you know, when 16 Mr. Donelson took over in January of 2018, in that 17 month did he give you any new scripts or promotional 18 materials to follow? 19 A No. 20 Q All right. And for a while anyway, 21 and I'll ask you for how long, you just continued 22 saying the same things from the scripts you used 23 under Evans, is that right? 24 A Right.</p>

	Page 97		Page 99
<p>1 Q And at some point you testified 2 Mr. Donelson gave you a new script, is that right? 3 A It wasn't a new script. It was -- 4 basically it was no script. Like I said, he 5 implemented a different strategy, so it wasn't 6 really scripted at that time when we actually 7 put that strategy out there. It was more of a 8 conversation almost. 9 Q Well, when was that? 10 A It had to be after December 2018. 11 MR. FALVEY: December? 12 THE WITNESS: Yeah.</p> <p>13 BY MR. BURDEN:</p> <p>14 Q So as far as you can recall, before 15 December of 2018 you were just using that same 16 script that Evans had given you?</p> <p>17 A Yes.</p> <p>18 Q And basically saying the same stuff to 19 customers that we heard in Exhibit 183?</p> <p>20 A Yes.</p> <p>21 Q All right. So I want to talk 22 a little bit more about Exhibit 183, and I won't 23 torture you with listening to it more. But you're 24 talking to a customer named Patrick Campbell, right?</p>	Page 98	<p>1 A Yeah, that's fair. 2 Q All right. And is it fair to say too 3 that your customers were investing their retirement 4 money with Long Leaf Trading? 5 A No, that's not fair to say. 6 Q What money -- well, let me ask you 7 a different way. So is it fair to say that Long 8 Leaf Trading solicited customers to invest their 9 IRA funds? 10 A If that's a route they wanted to go, 11 that was available, yes. 12 Q All right. Well, I'm asking you. 13 Did your customers invest their IRA funds with 14 Long Leaf Trading? 15 A Some of them did, yes. 16 Q Okay. What percentage would you say 17 invested IRA funds -- 18 A I don't know. 19 Q -- of your customers? 20 A I don't know. 21 Q Was it most of them? 22 A No. 23 Q Was it half of them? 24 A I don't know.</p>	Page 100
<p>1 A Right.</p> <p>2 Q Patrick Campbell sounds old. Was Patrick 3 Campbell old?</p> <p>4 A I mean, he was old but he was a sharp, 5 sharp guy. He actually came in --</p> <p>6 Q Yeah.</p> <p>7 A He knows his stuff. He came in to 8 visit me. We had a good relationship. He was old, 9 but he was still very sharp.</p> <p>10 Q Got it. So how much money did Patrick 11 Campbell lose?</p> <p>12 A No idea.</p> <p>13 Q It sounds like you had a great 14 relationship. Now, Mr. Campbell, how old do you 15 think he was, if you knew?</p> <p>16 A What was that?</p> <p>17 MR. FALVEY: How old?</p> <p>18 BY MR. BURDEN:</p> <p>19 Q How old was Mr. Campbell?</p> <p>20 A I never saw him.</p> <p>21 Q Is it fair to say that a lot of your 22 customers were older, 65 or older?</p> <p>23 A 65 or older?</p> <p>24 Q Yeah.</p>		<p>1 Q All right. Would you turn for me, 2 please, to CFTC Exhibit 184, and this is in your -- 3 A Yeah. 4 Q -- PDF portfolio. 5 A Yep. 6 Q All right. Can you take a moment to 7 look over the document, please, and then tell me 8 if you recognize it. 9 A Yeah, I know what it is. 10 Q What is it, please. 11 A It's an orientation I -- kind of 12 ideas I put in my head but, you know, I typed it 13 out before a call. This was my first orientation 14 I ever did with any client, so I wanted to get all 15 my ideas together and, you know, prepare for the 16 call. 17 Q And what was the name of the client 18 you spoke to? 19 A Marc Sola-Cruz. 20 Q All right. And it looks like you're 21 sending this document titled Orientation to Brian 22 Adams, is that right? 23 A It says Connor Campo. 24 Q Yeah. Are you looking at the right one?</p>	

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<p>1 I'm looking at 184.</p> <p>2 A Yeah, 184. Oh, I see Brian Adams.</p> <p>3 Yeah, sorry.</p> <p>4 Q There you go. That's all right. Who's</p> <p>5 Brian Adams, please.</p> <p>6 A Brian Adams was almost like the sales</p> <p>7 manager there.</p> <p>8 Q So why did you send Mr. Adams this</p> <p>9 orientation script, as it says in the subject line?</p> <p>10 A He wanted it. I showed it to him and</p> <p>11 he liked it, and I sent it to him and that's it.</p> <p>12 Q All right. So this orientation</p> <p>13 script we're seeing in Exhibit 184, did you say</p> <p>14 the things in this script to Mr. Sola-Cruz?</p> <p>15 A I would think I said most of it. I don't</p> <p>16 know.</p> <p>17 Q All right. So -- well, we'll play</p> <p>18 that call another time. So let's go down to the</p> <p>19 second page of Exhibit 184 here and you'll see</p> <p>20 there's a paragraph and it says, "Now, the only</p> <p>21 way I've seen people lose money in this program</p> <p>22 is when they bring emotions into the process.</p> <p>23 They are skewing the results that the program</p> <p>24 was built around." So is this something you said</p>	Page 103	<p>1 win all 48 trades in this upcoming year. There are</p> <p>2 going to be so bumps in the road."</p> <p>3 A Yeah, I see that.</p> <p>4 Q "So I cannot stress this enough.</p> <p>5 In order for you to have success in this program,</p> <p>6 which means you are making money, you are going to</p> <p>7 have to stick to the plan that we have developed</p> <p>8 over the years by us and that has proven to make</p> <p>9 our clients money."</p> <p>10 A Right.</p> <p>11 Q So did you write that?</p> <p>12 A Did I what?</p> <p>13 Q Did you write that?</p> <p>14 A I wrote that, yeah.</p> <p>15 Q All right. So is that something you said</p> <p>16 to Mr. Sola-Cruz?</p> <p>17 A I don't remember.</p> <p>18 Q Is that something you said to other</p> <p>19 customers?</p> <p>20 A I don't remember.</p> <p>21 Q Is this statement true?</p> <p>22 A I'm not -- I don't think so, no, no.</p> <p>23 Q Why did you say it? Or, you know,</p> <p>24 I guess you didn't testify you said it. Why did</p>
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<p>1 to customers?</p> <p>2 A I said that to Marc Sola-Cruz, yeah.</p> <p>3 Q Did you say it to anybody else?</p> <p>4 A Not that I remember. I don't think so.</p> <p>5 Q So did you come up with this?</p> <p>6 A No.</p> <p>7 Q Who came up with this?</p> <p>8 A Tim Evans.</p> <p>9 Q All right. Is it true that the only</p> <p>10 way you've seen people lose money with this program</p> <p>11 is when they bring emotions into the process?</p> <p>12 A No.</p> <p>13 Q Why did you say it?</p> <p>14 A That's what I was told to say.</p> <p>15 Q So let's go down, if we could, please --</p> <p>16 A Yeah.</p> <p>17 Q -- and you say, "There are going to be</p> <p>18 bumps in the road." This is the second sentence on</p> <p>19 page 2 in the --</p> <p>20 A What paragraph?</p> <p>21 Q Sorry, this is a mess. It was my</p> <p>22 fault. So Exhibit 184, page 2, fifth paragraph</p> <p>23 down. And the one I'm looking at the paragraph</p> <p>24 reads, "So remember we are obviously not going to</p>	Page 104	<p>1 you include this in your script?</p> <p>2 A That's what I was -- believed,</p> <p>3 led to believe. That's what I was trained to say.</p> <p>4 Q All right. So let's shift down</p> <p>5 this Exhibit 184, and I'm looking here at page 4,</p> <p>6 and it looks like you're forwarding this script to</p> <p>7 Connor Campo. Is that what you're doing?</p> <p>8 A Yes.</p> <p>9 Q And you sent this to Mr. Campo so he could</p> <p>10 use it, right?</p> <p>11 A No.</p> <p>12 Q Why did you send it to him?</p> <p>13 A I sent it to him because he looked</p> <p>14 over it too and he wanted to, you know, make his</p> <p>15 own -- or write his own ideas, take some of it,</p> <p>16 things like that.</p> <p>17 Q It's a collaborative work environment</p> <p>18 it sounds like with respect to the drafting of</p> <p>19 promotional materials, is that correct?</p> <p>20 MR. FALVEY: Object.</p> <p>21 MR. BURDEN: Are you going to object</p> <p>22 to something in particular, Mr. Falvey, or are</p> <p>23 you just going to say object?</p> <p>24 MR. FALVEY: No, I will.</p>

<p style="text-align: right;">Page 105</p> <p>1 MR. BURDEN: No? All right.</p> <p>2 MR. FALVEY: I'm sorry. I didn't hear 3 what you said, Ashley.</p> <p>4 BY MR. BURDEN:</p> <p>5 Q Let's turn to Exhibit 185, if we could, 6 please.</p> <p>7 MR. FALVEY: 185, there you go.</p> <p>8 BY MR. BURDEN:</p> <p>9 Q All right. Mr. Hatzigiannis, look this 10 over, if you would, please, and then tell me if you 11 recognize it.</p> <p>12 A Yeah, I recognize it.</p> <p>13 Q Can you tell me what it is, please.</p> <p>14 A The custom script.</p> <p>15 Q All right. And this is from Brian Adams 16 to you and it's dated March 15, 2018, is that right?</p> <p>17 A That's what it says.</p> <p>18 Q All right. So it's attaching this 19 document titled Custom Script. Did you use this 20 script?</p> <p>21 A Yes.</p> <p>22 Q All right. Now, I want to scoot down 23 here a little. Sorry. Give me just a minute to 24 find what I'm looking for here. All right. So this</p>	<p style="text-align: right;">Page 107</p> <p>1 assets, on the three you can expect to be right 2 in the long run would generate \$1500 and the one 3 you're wrong losing" -- you know what, I'm screwing 4 this up. Let's have you do it. So this was a 5 presentation you delivered to clients, correct?</p> <p>6 A Yes.</p> <p>7 Q All right. So this bit from page 26 8 to 27, how would you present this to a client? How 9 did you present it to clients, please.</p> <p>10 A Just read it.</p> <p>11 Q And you just read it straight, even though 12 it makes almost no sense?</p> <p>13 MR. FALVEY: Do you know what's on 27?</p> <p>14 A Yeah, I just read it.</p> <p>15 BY MR. BURDEN:</p> <p>16 Q Okay. Well, I'll tell you what. Let's 17 look at the first paragraph on page 27. It says, 18 "Continue the income-generating process. You carry 19 that on for a year, you're looking at \$6,000, which 20 is a 6 percent return. Obviously these positions 21 are scaleable, so it's very easy to duplicate that 22 to accomplish the 12 percent on an annual basis." 23 Did you say that to customers?</p> <p>24 A Yes.</p>
<p style="text-align: right;">Page 106</p> <p>1 Exhibit 185, when Mr. Adams sent this to you, that 2 was after Donelson had taken over, is that right?</p> <p>3 A Right.</p> <p>4 Q All right. And this is a script that you 5 used with customers, correct?</p> <p>6 A Yes.</p> <p>7 Q All right. And did you follow the script 8 closely?</p> <p>9 A Yeah.</p> <p>10 Q All right. So I want you to -- all 11 right. I want you to go down to the presentation 12 page. It's page 12 and at the top it says Review 13 Customized Variables No. 1 through 4 with Asset 14 Weight & Risk to Reward.</p> <p>15 A Do you know what number that is? 16 I see -- on page 12 I see 20, Establish 30 Days 17 is the Optimal Time Frame. Oh, I see. Page 11?</p> <p>18 Q No, no, it's page 26. So the page 19 for this presentation is in the bottom right-hand 20 corner.</p> <p>21 A Gotcha. Yeah, I see it.</p> <p>22 Q All right. So let's go to the bottom of 23 that page. So it says Creating Image of Portfolio 24 and it says, "So flowing that math over those four</p>	<p style="text-align: right;">Page 108</p> <p>1 Q Did you say it to substantially all of 2 the customers you talked to?</p> <p>3 A Yes.</p> <p>4 Q During what period of time were you 5 making this particular representation to clients 6 about the 6 percent, 12 percent?</p> <p>7 A When I started reading the custom to 8 probably, yeah, almost a year.</p> <p>9 Q All right. So really through 2018 and 10 then 2019 you stopped this 6 percent, 12 percent 11 bit, is that your testimony?</p> <p>12 A Yes.</p> <p>13 Q All right. So were there any customers 14 at Long Leaf that you can name for me who enjoyed 15 a 6 percent return?</p> <p>16 A I just know Gary Taft.</p> <p>17 Q What was his return?</p> <p>18 A I don't know exactly.</p> <p>19 Q And your testimony was he traded for four 20 to six months, correct?</p> <p>21 A Somewhere around there, yeah.</p> <p>22 Q All right. So this says, "Continue 23 the income-generating process. You carry that 24 on for a year, you're looking at \$6,000, which is</p>

<p style="text-align: right;">Page 109</p> <p>1 a 6 percent return." So did you have any customers 2 that traded for a year who got 6 percent? 3 A No. 4 Q Any who got 12 percent? 5 A Nope. 6 Q So this statement is false? 7 A Yeah. I mean, it's not saying we're doing 8 it but, yeah, it's false. 9 Q Why did you say it? 10 A Script. 11 MR. FALVEY: Objection, argumentative. 12 A Tim Evans told me to say it. 13 BY MR. BURDEN: 14 Q But this was in a script that you 15 received when Donelson was the boss, isn't that 16 right? 17 A I mean, Tim gave me this script. 18 Q Well, it looks like Mr. Adams sent you 19 this particular script, isn't that right? 20 A Yeah, while working with Tim Evans, yes. 21 Q But this script was sent to you in March 22 of 2018, isn't that right? 23 A Right. Tim created the script. 24 Q But Tim was gone by March, wasn't he?</p>	<p style="text-align: right;">Page 111</p> <p>1 to speak to my wife, you know, how to effectively 2 reply to that. 3 Q And it looks like you've got a couple 4 wife rebuttals. You've got one from June of 2018. 5 You sent that to yourself, right? 6 A Yeah. 7 Q Is this something that you had occasion 8 to use? 9 A I'm sorry? 10 Q Is this wife rebuttal that we see 11 on the first page of Exhibit 186 something you 12 actually used? 13 A I didn't use it word for word, but I would 14 assume I used it at some point. 15 Q Do you remember if it worked? 16 A Do I remember if it worked? 17 Q Yeah. 18 A I'm not sure. 19 Q It wouldn't have worked on my wife. 20 So let's look at the -- 21 A Nice. 22 Q Yeah. -- the second page here, 23 and this is an email from you, again, to you from 24 June of 2018 and it's Wife Rebuttal 2. What's Wife</p>
<p style="text-align: right;">Page 110</p> <p>1 A Yeah, but this script is very old. Very 2 old script. 3 Q Oh, I see. So this is an older script 4 that was re-sent to you in -- 5 A Right. 6 Q -- March of 2018? 7 A Right. 8 Q And you continued using it through the 9 end of 2018 at least, right? 10 A Right. 11 Q All right. Let's look at 186, if 12 you would, please. And this is a group exhibit 13 consisting of three emails. 14 A Okay. 15 Q I want you to take a look at it, if you 16 would, please, and then tell me if you recognize it. 17 MR. FALVEY: Make sure you read it. 18 A Yeah, I recognize it. 19 BY MR. BURDEN: 20 Q All right. Could you tell me what 21 the emails in -- well, tell me what 186 is, please. 22 A It looks like a wife rebuttal. 23 Q What's the wife rebuttal? 24 A If someone brings up, hey, I've got</p>	<p style="text-align: right;">Page 112</p> <p>1 Rebuttal 2? 2 A This is the second wife rebuttal. Exactly 3 how it looks like, exactly how -- 4 Q Okay. So -- and if you go to the third 5 page of Exhibit 186, what's going on here, please. 6 A It looks like I sent it to that Connor 7 Campo. 8 Q So let me ask you this. Is this 9 something that you sort of thought of, this wife 10 rebuttal, or where did this come from, please. 11 A I must have gotten it multiple 12 times from prospects and didn't have a good reply, 13 so I researched it and figured out different ways 14 salesmen handle it. 15 Q So why do you need a wife rebuttal? 16 A Why do you need a wife rebuttal? 17 Q Yeah. 18 A I mean, what are you supposed to say, 19 just yes, okay? You need a rebuttal. I mean, this 20 is a sales career. I'm trying to be the best -- 21 Q So I -- 22 A -- and just trying to handle it. 23 Q Sorry. I can hear you're -- maybe 24 I think my question was not that good. You know,</p>

<p style="text-align: right;">Page 113</p> <p>1 so what I'm getting at is, you know, the purpose 2 of the wife rebuttal is if a customer or a prospect 3 says I don't know or I have to talk to my wife or, 4 you know, let me get my wife on the phone, the wife 5 rebuttal is a way to sort of avoid that?</p> <p>6 A No, it's not to avoid it. It's just, 7 you know, a professional way to handle it instead 8 of saying okay.</p> <p>9 Q Well, why don't you just say okay?</p> <p>10 A I don't think that's effective.</p> <p>11 Q Effective for what?</p> <p>12 A Effective way of handling the rebuttal.</p> <p>13 MR. BURDEN: Sorry. I'm -- give me 14 a few minutes, please. I'm just looking -- 15 I think I can skip some exhibits here.</p> <p>16 MR. FALVEY: Sure.</p> <p>17 BY MR. BURDEN:</p> <p>18 Q All right. Let's turn, if we could, 19 please, to CFTC Exhibit 190. Mr. Hatzigiannis, 20 you've got it?</p> <p>21 A Yeah.</p> <p>22 MR. FALVEY: Yeah.</p> <p>23 BY MR. BURDEN:</p> <p>24 Q All right. Take a look at it, please,</p>	<p style="text-align: right;">Page 115</p> <p>1 Q All right. And so before this, 2 before Exhibit 190 in January of 2019, you're using 3 the old Evans script and presentation that we've 4 already talked about, right?</p> <p>5 A Right.</p> <p>6 Q So let me rephrase that. Before 7 January of 2019 you're using the scripts and 8 presentations from when Evans was in charge, right?</p> <p>9 A Right.</p> <p>10 Q All right. So let's take a look at 11 the new materials. So I want you to scroll down, if 12 you could, please, in this Power Point presentation 13 and I want you to stop where it says Our Services 14 and let me know when you're there, please.</p> <p>15 A Okay.</p> <p>16 Q All right. So is this a presentation that 17 you gave to customers?</p> <p>18 A Yes.</p> <p>19 Q And did you give this presentation 20 to substantially all of your prospects 21 between January --</p> <p>22 A Yes.</p> <p>23 Q Sorry, you've got to let me finish, 24 sorry. -- between January of '19 and December of</p>
<p style="text-align: right;">Page 114</p> <p>1 and take your time and tell me if you recognize it.</p> <p>2 A Yeah, I recognize it.</p> <p>3 Q Can you tell me what it is, please.</p> <p>4 A Looks like a demo Power Point.</p> <p>5 MR. BURDEN: Wait. I'm getting some rustle 6 in here so maybe --</p> <p>7 MR. FALVEY: Yeah, it's over the phone.</p> <p>8 A A demo, it looks like a demo Power Point 9 presentation.</p> <p>10 BY MR. BURDEN:</p> <p>11 Q All right. So CFTC Exhibit 190, now, 12 this is an email from Mr. Donelson to you and the 13 other salesperson, is that right?</p> <p>14 A Right.</p> <p>15 Q And it's dated January 7, 2019, is that 16 right?</p> <p>17 A Right.</p> <p>18 Q And it says New Demo and Talking Points.</p> <p>19 Do you see that?</p> <p>20 A Yep.</p> <p>21 Q So is this the first time that Donelson 22 sent you, you know, a new presentation and a new 23 script?</p> <p>24 A I believe so, yes.</p>	<p style="text-align: right;">Page 116</p> <p>1 '19?</p> <p>2 A Yeah.</p> <p>3 Q All right. So this was like the 4 new presentation from Mr. Donelson, correct?</p> <p>5 A Right.</p> <p>6 Q All right. So the slide that says Our 7 Services, it says individualized options portfolio 8 design. What is that?</p> <p>9 A Just saying, you know, we're going 10 to design an option strategy to fit your portfolio. 11 It shouldn't be your whole portfolio. It should 12 be, you know, somewhere about, you know, 15 to 13 20 percent max of your overall portfolio.</p> <p>14 Q So let's skip down to the next slide, if we 15 could, please, where it says Portfolio Strategies.</p> <p>16 A Okay.</p> <p>17 Q And you see there's like four -- there's 18 four leaves there. Do you see the leaves?</p> <p>19 A Yeah.</p> <p>20 Q So it says -- one of the leaves is income 21 generating --</p> <p>22 A Right.</p> <p>23 Q -- active trading strategies, dividend 24 stocks, annuities, rental properties, et cetera. So</p>

<p style="text-align: right;">Page 117</p> <p>1 what did you say about income-generating strategies 2 here? What was this part of the pitch? 3 A I was basically telling them how your 4 portfolio should be designed, you know. As the 5 value grows and there's income generating, there's 6 wealth preservation and, you know, there's hedging. 7 That's about it.</p> <p>8 Q So let's skip down, if we could, please, 9 to there's the slide that says Retail Trader 10 Success.</p> <p>11 A Which slide is that?</p> <p>12 Q Don't make me give you a page number 13 because my page number thing is somehow on the 14 blink, but scroll down. It says -- the slide says 15 Retail Trader Success and it's got a bunch of 16 small --</p> <p>17 MR. FALVEY: We've got it.</p> <p>18 BY MR. BURDEN:</p> <p>19 Q All right. Very good. So 20 do you see the slide that says Retail Trader 21 Success, 70 percent of retail investors make money. 22 Emotionally driven, lack of trader discipline, one 23 size fits all strategies. So, you know, what did 24 you say here to customers? What was this piece of</p>	<p style="text-align: right;">Page 119</p> <p>1 Trading could provide income-generating strategies? 2 A On this slide or overall? 3 Q On the call when you made this 4 presentation. 5 A I don't remember. 6 Q All right. So let's scroll down, if we 7 could, please, to the Long Leaf talking points, the 8 Word documents. 9 A Is that a different exhibit? 10 Q So it's the same exhibit, but the exhibit 11 is like the email for Donelson with -- 12 A Oh, I see it, yeah. I see it. 13 Q Thank you. So let's look at the third page 14 of this script. 15 A All right. 16 Q And it says Slide 15: Long Leaf Option 17 Strategies. Do you see that? 18 A Yes. 19 Q All right. So where it says cash 20 management, you know, what would you tell clients 21 here? 22 A The cash management strategy replaced -- 23 primarily used to replace traditional fixed income 24 products. It's supposed to replicate almost like</p>
<p style="text-align: right;">Page 118</p> <p>1 the presentation, please. 2 A Yeah, it's actually 7 percent 3 of retail investors make money. Basically telling 4 them, you know, retail traders, you know, try to 5 do it themselves and most of them, you know, lose 6 money.</p> <p>7 Q What percentage of Long Leaf Trading 8 customers make money?</p> <p>9 A I don't know.</p> <p>10 Q Do you think it's more than 7 percent?</p> <p>11 A I don't know.</p> <p>12 Q All right. So let's go down to 13 the next slide and it says, "We can offer your 14 portfolio" -- sorry. The next slide says What 15 We Can Offer your Portfolio, and it says income- 16 generating strategies, active trading, hedging, 17 access to other markets. So is this a slide that 18 you showed customers?</p> <p>19 A Yes.</p> <p>20 Q What did you say to customers about these 21 income-generating strategies, please.</p> <p>22 A Income-generating strategies, honestly, 23 I don't remember.</p> <p>24 Q Did you tell customers that Long Leaf</p>	<p style="text-align: right;">Page 120</p> <p>1 a bond yield return. It had the same risk profile. 2 It's a gut strangle strategy. You're buying an 3 in-the-money option -- you're buying an in-the-money 4 call, buying an in-the-money put and then selling 5 weekly out-of-the-money strangles, collect premium, 6 finance. And then we're looking for quarterly 7 futures, weekly options, low historical volatility, 8 adequate volumes. It is cash intensive, 9 nondirectional, not picking a direction. That's 10 all I can remember.</p> <p>11 Q That's a lot. That's a good memory.</p> <p>12 So these representations to customers that you 13 made about this cash management, you told them it 14 replicated a traditional fixed income portfolio.</p> <p>15 Have I got that right?</p> <p>16 A It's meant to replace that by having the 17 same risk profile as those products but targeting 18 a little better return.</p> <p>19 Q Got it. And what return did you tell 20 customers that these cash management trades were 21 targeting?</p> <p>22 A 6 to 10 percent.</p> <p>23 Q All right. Did those cash management 24 trades in fact ultimately provide returns of 6 to</p>

<p>1 10 percent for customers?</p> <p>2 A Some of the trades did, some of them</p> <p>3 didn't.</p> <p>4 Q But net net they were losers for customers,</p> <p>5 is that fair to say?</p> <p>6 A Overall, yeah, but it was only one year.</p> <p>7 I mean, you know, one year is not a good measurement</p> <p>8 of a strategy.</p> <p>9 Q Well, let's drill down on that. So</p> <p>10 you're telling me that these cash management trades</p> <p>11 were only offered to customers for a year, is that</p> <p>12 right?</p> <p>13 A Right.</p> <p>14 Q And when did that start, please.</p> <p>15 A It could have even been less than a year.</p> <p>16 I want to say like April, March 2019.</p> <p>17 Q So your testimony is that these</p> <p>18 cash management trades were offered to clients</p> <p>19 in sort of spring of 2019, is that right?</p> <p>20 A Right.</p> <p>21 Q So, I mean, this script was sent</p> <p>22 to you by Mr. Donelson in January of 2019. So how</p> <p>23 can you reconcile those two things? I'm not saying</p> <p>24 you're wrong at all. I'm just asking you how you</p>	<p>Page 121</p> <p>1 to tell customers that these trades were targeting</p> <p>2 a return of 6 to 10 percent a year?</p> <p>3 A Just based off Jim's experience with the</p> <p>4 strategy and what he told me.</p> <p>5 Q Yeah. So what did Jim tell you about his</p> <p>6 experience with the strategy?</p> <p>7 A I know he was a CFO of a pension fund at --</p> <p>8 and I think he said a lot of large institutions used</p> <p>9 the strategy for cash that's not in positions</p> <p>10 instead of not working for them.</p> <p>11 Q Do you know if Jim ever actually did any</p> <p>12 of these trades?</p> <p>13 A I don't have proof, but I don't --</p> <p>14 Q Well, I'm not asking for proof. I'm</p> <p>15 just asking if you know whether Mr. Donelson has</p> <p>16 done any trading himself for the companies that he</p> <p>17 worked at.</p> <p>18 A I don't.</p> <p>19 Q Did you ever ask him, hey, Mr. Donelson,</p> <p>20 did you ever actually trade?</p> <p>21 A I know he traded, but I don't know if he</p> <p>22 traded for any companies.</p> <p>23 Q You said you know he traded. How do you</p> <p>24 know he traded?</p>
<p>1 can reconcile those dates.</p> <p>2 A I don't think he saw any opportunities from</p> <p>3 January to March to implement the cash management</p> <p>4 trade because you want low volatility, and we were</p> <p>5 just coming off December 2018, which was obviously</p> <p>6 elevated volatility.</p> <p>7 Q Got it. So at the time you got this</p> <p>8 script from Mr. Donelson in January of 2019 there</p> <p>9 hadn't been any cash management trades that had</p> <p>10 been made, correct?</p> <p>11 A Not to my knowledge.</p> <p>12 Q All right. That was a terrible</p> <p>13 question and as a result, your very good answer</p> <p>14 made no sense. So let me try to do that again.</p> <p>15 I apologize. By the time you received this script</p> <p>16 from Mr. Donelson in January of 2019, had Long Leaf</p> <p>17 done any of these cash management trades for</p> <p>18 customers?</p> <p>19 A I don't think so.</p> <p>20 Q Your recollection is that they didn't</p> <p>21 start doing them until spring of 2019, is that fair</p> <p>22 to say?</p> <p>23 A Yeah.</p> <p>24 Q So do you know what basis there was</p>	<p>Page 122</p> <p>1 A He told me, and he's told me a bunch of</p> <p>2 trades he's made before.</p> <p>3 Q Yeah, so tell me about that. What did he</p> <p>4 tell you about trades he made before?</p> <p>5 A I know he likes interest rates a lot.</p> <p>6 He talks about bonds a lot and option trades he</p> <p>7 made, but I can't tell you offhand an exact trade.</p> <p>8 Q Did Mr. Donelson tell you that he had</p> <p>9 traded profitably?</p> <p>10 A Yes.</p> <p>11 Q Did Mr. Donelson tell you that he had</p> <p>12 traded options profitably?</p> <p>13 A He told me options, but I don't know</p> <p>14 about profitably. I would assume, but I don't</p> <p>15 know. Yeah, I don't think he ever told me. Like</p> <p>16 all the -- everybody, you know, talks about their</p> <p>17 winners but no one says their losers. But, yeah,</p> <p>18 I would assume he told me about some profitable</p> <p>19 trades. Yes, he did.</p> <p>20 Q Okay. What did Mr. Donelson tell you about</p> <p>21 these profitable trades he made?</p> <p>22 A I don't remember. Just -- I just remember</p> <p>23 a little gist of it.</p> <p>24 Q Tell me what you remember.</p>

<p style="text-align: right;">Page 125</p> <p>1 A I really don't remember anything. I just 2 know that he was talking about trading options. 3 Q Do you recall if he -- well, let me -- 4 did Mr. Donelson tell you that his options trading 5 was profitable? 6 A He never gave me like an annual return 7 or anything like that. He told me about profitable 8 trades. 9 Q Did he give you any specifics for those 10 trades? 11 A Not that I remember, no. 12 Q Did Mr. Donelson tell you that 13 these cash management trades we see described 14 in Exhibit 190, if he had achieved returns of 6 15 to 10 percent on similar trades? 16 A I don't remember. 17 Q Did you ask Mr. Donelson, hey, where 18 did you get this from? I'm going to say this to 19 customers? 20 A I told you he has experience with, 21 you know, pension funds and institutional traders, 22 and that's where he said he got the strategy from. 23 Q Right. That's not my question, but it 24 might be an answer to another question. So let me</p>	<p style="text-align: right;">Page 127</p> <p>1 would, please, and then tell me if you recognize it. 2 A Yeah, I recognize it. 3 Q Can you tell me what it is, please. 4 A Looks like an outline for the 5 customization. 6 Q All right. So Exhibit 191, this 7 is an email from Mr. Donelson to you and the other 8 APs, right? 9 A Yeah. 10 Q And you can see it's dated April 8, 2019, 11 right? 12 A Correct. 13 Q So the subject here is Approved 14 Solicitation and it's got some attachments. So 15 do you understand what Mr. Donelson meant when he 16 indicated that this was an approved solicitation? 17 A Yeah, it was approved by the NFA. 18 Q All right. And is this a solicitation 19 that you used on calls from this point forward? 20 A Yes. 21 Q All right. And did you continue after 22 April of 2019, you know, telling customers about 23 the 76.5 statistical average? 24 A I don't believe I did, no.</p>
<p style="text-align: right;">Page 126</p> <p>1 ask it again. Did Mr. Donelson ever tell you that 2 he made 6 to 10 percent doing these cash management 3 trades? 4 A No, he never said that. 5 Q Did you ever ask Mr. Donelson, hey, where 6 are you getting these numbers from? 7 MR. FALVEY: Objection, asked and answered. 8 MR. BURDEN: But it wasn't answered. 9 Q So maybe you'd like to answer it now. 10 MR. FALVEY: He said he didn't know before. 11 A Yeah, I mean -- 12 BY MR. BURDEN: 13 Q Mr. Hatzigiannis, answer the question, 14 please. 15 A Repeat the question, please. 16 MR. BURDEN: Mary? 17 (Whereupon the portion of the record 18 was read as requested.) 19 A I did not. 20 Q See, there we go. That's an answer. All 21 right. Mr. Hatzigiannis, would you turn, please, 22 to CFTC Exhibit 191. 23 A All right. 24 Q Take a look at it for a moment, if you</p>	<p style="text-align: right;">Page 128</p> <p>1 Q All right. After April of 2019 did you 2 tell customers that Long Leaf desired to obtain a 3 strong return for customers? Is that something you 4 kept saying? 5 A Not that I believe. Not that I remember. 6 Q So after this date did you tell 7 customers that Long Leaf wouldn't be in business 8 if they weren't being profitable for customers? 9 A No, I didn't say that. 10 Q So after April 2019 your testimony 11 is you just stuck strictly to this script in this 12 presentation, is that right? 13 A Yes. 14 Q And you stopped saying all of 15 the things that you were saying before, is that 16 correct? 17 A Yep, yes. 18 Q After April 2019 did you tell customers 19 that Long Leaf could provide income-generating 20 strategies? 21 A I don't believe I did. No, I didn't. 22 I don't think so. 23 Q All right. So did Mr. Donelson 24 ever -- all right. This is going to sound like</p>

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<p>1 a silly question, but bear with me. While you were 2 working for Long Leaf did you ever tell any customer 3 that customers lose money trading with Long Leaf?</p> <p>4 A No.</p> <p>5 Q Did you tell any customers or prospective 6 customers on calls that your customers lost money 7 trading with Long Leaf?</p> <p>8 A Actually, backtrack on that question.</p> <p>9 Q Sure.</p> <p>10 A The other question. I did -- I'm sure 11 at some point I said that customers lost money.</p> <p>12 Q Who did you say that to?</p> <p>13 A I think prospects, like not every one 14 of our clients makes money. Yeah, definitely said 15 that.</p> <p>16 Q Yeah, but that's not what I'm asking. 17 I'm asking did you tell customers when you spoke to 18 them my other customers lose money?</p> <p>19 A No, I didn't.</p> <p>20 Q Why not?</p> <p>21 A Because they never asked.</p> <p>22 Q Do you think that if you told customers 23 that, that they would want to invest with Long Leaf?</p> <p>24 A If I told them other customers lost money?</p>	<p>1 Q Did you tell customers how much money 2 Long Leaf had lost for its clients in 2019?</p> <p>3 A No.</p> <p>4 Q Did you tell customers how much money 5 Long Leaf Trading lost for its clients in 2017?</p> <p>6 A No.</p> <p>7 Q Did you tell customers how much 8 commissions Long Leaf Trading generated in 2018?</p> <p>9 A No. I mean, all these numbers I don't 10 even know.</p> <p>11 Q Did customers ever ask you how much 12 money the average Long Leaf customer makes or, you 13 know, if customers are doing well?</p> <p>14 A I don't remember.</p> <p>15 Q Yeah, I guess -- and what I want 16 to ask you is, you know, when customers asked you 17 that, if they did ask you that, you know, how did 18 you respond? And right now your testimony is you 19 don't remember, you know, if any customer asked 20 you how, you know, Long Leaf's recommendations 21 performed. Is that your testimony?</p> <p>22 A My testimony is I don't remember anybody 23 asking that question.</p> <p>24 Q I'm not asking if you remember</p>
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<p>1 Q Yeah.</p> <p>2 A Do I think they would want to invest?</p> <p>3 Q Yeah.</p> <p>4 A No, I do not.</p> <p>5 Q Did you --</p> <p>6 MR. FALVEY: For the record -- I'm sorry, 7 Ashley. For the record, he did say that he 8 represented to customers that their clients 9 have lost money as well.</p> <p>10 MR. BURDEN: Sorry, Jeff. Are you 11 testifying or is that an objection? What are 12 you contributing here?</p> <p>13 MR. FALVEY: Just clarifying the record.</p> <p>14 MR. BURDEN: Well, you can do that when 15 it comes back to you.</p> <p>16 Q All right. Mr. Hatzigiannis, did you 17 tell customers how much money Long Leaf Trading 18 clients lost in 2018?</p> <p>19 A No, I -- it was not known.</p> <p>20 Q Hey, sorry, I didn't hear that bit.</p> <p>21 So let me ask the question again. Mr. Hatzigiannis, 22 did you tell customers how much money Long Leaf 23 Trading had lost for its clients in 2018?</p> <p>24 A No, I did not, no.</p>	<p>1 specific people. You talked to a lot of people.</p> <p>2 A Right.</p> <p>3 Q All I'm asking is do you remember 4 if any of the customers said, hey, Mr. Hatzigiannis, 5 do customers make money doing this?</p> <p>6 A Prospects I'm pretty sure, yeah.</p> <p>7 Q Okay. So when they asked you that, what 8 did you say, please.</p> <p>9 A I don't remember.</p> <p>10 Q Did you tell them that customers lose 11 money?</p> <p>12 MR. FALVEY: Objection, asked and answered.</p> <p>13 If you can answer, go ahead.</p> <p>14 A I never said that.</p> <p>15 BY MR. BURDEN:</p> <p>16 Q All right. So I want to show you --</p> <p>17 I want to show you CFTC Exhibit 145. So could you 18 navigate to that, please, in your portfolio.</p> <p>19 MR. FALVEY: Hey, Ashley, were you 20 thinking about lunch at some point soon or 21 what's your plan?</p> <p>22 MR. BURDEN: I'm happy to break 23 for lunch whenever you guys want to do that.</p> <p>24 I can keep going indefinitely. But if you guys</p>
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<p>1 want to take a break, that's fine with me.</p> <p>2 MR. FALVEY: You're like a camel. So are</p> <p>3 you getting hungry, James?</p> <p>4 THE WITNESS: Yeah, I am.</p> <p>5 MR. FALVEY: Okay. Do you want to take</p> <p>6 like a 40-minute break?</p> <p>7 MR. BURDEN: Whatever you guys want.</p> <p>8 We're doing good on time. You can have an</p> <p>9 hour if you want. I mean, whatever.</p> <p>10 MR. MAY: I would say 45 minutes.</p> <p>11 This is Andrew. I've got a bunch of calls</p> <p>12 and stuff to make.</p> <p>13 MR. FALVEY: Okay.</p> <p>14 MR. BURDEN: All right, you guys. Back at</p> <p>15 1:45. Off the record, please.</p> <p>16 MR. FALVEY: Okay.</p> <p>17 MR. BURDEN: Thanks.</p> <p>18 MR. FALVEY: Thank you.</p> <p>19 (Whereupon a lunch recess was taken</p> <p>20 from 1:04 p.m., to 2 p.m., after</p> <p>21 which the following proceedings were</p> <p>22 had:)</p>	<p>Page 133</p> <p>1 three questions.</p> <p>2 Q All right. So that's what I want to</p> <p>3 talk about, Mr. Hatzigiannis, your questions at</p> <p>4 the bottom. So your third question you write, "If</p> <p>5 someone says I won't set the appointment unless you</p> <p>6 tell me your annual return, do we just tell him or</p> <p>7 just not set him." Did you write that?</p> <p>8 A It looks like it.</p> <p>9 Q Did you get an answer to this question?</p> <p>10 A I don't remember.</p> <p>11 Q Did anybody tell you that it was</p> <p>12 Long Leaf's policy not to provide track records</p> <p>13 to customers?</p> <p>14 A Yeah, they said not to say the,</p> <p>15 you know, annual return because of how strict NFA</p> <p>16 and regulatory bodies are with that.</p> <p>17 Q And who told you not to say the annual</p> <p>18 return?</p> <p>19 A Tim Evans.</p> <p>20 Q Anybody else?</p> <p>21 A Not that I remember.</p> <p>22 Q So did this change under Mr. Donelson</p> <p>23 when Mr. Donelson took over in January of 2018?</p> <p>24 Were you allowed to share Long Leaf Trading's track</p>
<p>1 AFTERNOON SESSION</p> <p>2 MR. BURDEN: All right. Can everybody</p> <p>3 hear me?</p> <p>4 MR. FALVEY: Yes.</p> <p>5 MR. BURDEN: Thank you. All right.</p> <p>6 Let's go back on the record, if we could,</p> <p>7 please.</p> <p>8 MR. FALVEY: Sure.</p> <p>9 JAMES HATZIGIANNIS,</p> <p>10 called as a witness herein, having been previously</p> <p>11 sworn and examined, testified further as follows:</p> <p>12 DIRECT EXAMINATION (Cont'd.)</p> <p>13 BY MR. BURDEN:</p> <p>14 Q All right. Mr. Hatzigiannis, would</p> <p>15 you please turn to CFTC Exhibit 145, and take a look</p> <p>16 at it and let me know if you recognize it, please.</p> <p>17 A All right. Yeah, I see it.</p> <p>18 Q All right. Do you recognize this document?</p> <p>19 A I do.</p> <p>20 Q Could you tell me what it is, please.</p> <p>21 A Yeah. Jeremy had us, you know, listen</p> <p>22 to tapes, got to work the -- you know, figure out</p> <p>23 why the person either flaked the appointment or held</p> <p>24 the appointment. That's about it. And questions,</p>	<p>Page 134</p> <p>1 record with customers?</p> <p>2 A No. I didn't even know the track record,</p> <p>3 to be honest, anyway.</p> <p>4 Q Well, that's good to know. But my</p> <p>5 question is after Mr. Donelson took over, did this</p> <p>6 prohibition on sharing track records continue?</p> <p>7 A Yeah, we couldn't say the number because</p> <p>8 I didn't even know it.</p> <p>9 Q Did Mr. Donelson instruct you that</p> <p>10 you couldn't share Long Leaf's annual returns</p> <p>11 with customers?</p> <p>12 A Yeah, we couldn't say our return.</p> <p>13 Q Did Mr. Donelson tell you that you were</p> <p>14 not permitted to say your return to customers?</p> <p>15 A I don't remember if he said that word</p> <p>16 for word.</p> <p>17 Q Well, what did Mr. Donelson tell you,</p> <p>18 if anything, about sharing Long Leaf's returns with</p> <p>19 customers?</p> <p>20 A He said to answer it in this way,</p> <p>21 which was, you know, I have a client targeting</p> <p>22 different returns, someone's targeting, you know,</p> <p>23 5 to 10 percent, another one's targeting 20 to</p> <p>24 25 percent, you know, everyone's targeting a</p>

<p>1 different return.</p> <p>2 Q That's what Mr. Donelson told you to say?</p> <p>3 A That's what Tim Evans told me to say and</p> <p>4 Mr. Donelson carried that over.</p> <p>5 Q How did he carry it over?</p> <p>6 A How did he carry it over?</p> <p>7 Q Yeah.</p> <p>8 A He just agreed with that, the way</p> <p>9 we handled that question.</p> <p>10 Q Well, did he email that to you? Did</p> <p>11 Mr. Donelson tell you in person to handle questions</p> <p>12 about the track records by saying, oh, everybody has</p> <p>13 different returns?</p> <p>14 A It was actually Scott Gecas who told</p> <p>15 us to do that, and he learned that from Tim Evans.</p> <p>16 So Tim Evans started that and it got carried over.</p> <p>17 Jim never said anything about it. He wasn't really</p> <p>18 involved with that.</p> <p>19 Q And when did Mr. Gecas tell you to keep</p> <p>20 telling, you know, customers that everybody's got</p> <p>21 different returns if customers asked about returns?</p> <p>22 A I don't know when he said that.</p> <p>23 Q Was it after Mr. Donelson had taken over?</p> <p>24 A Yes.</p>	<p>Page 137</p> <p>1 Q All right. And it's an email between</p> <p>2 you -- that's your email address, right?</p> <p>3 A Right.</p> <p>4 Q -- and someone named Vivian, right?</p> <p>5 A Right.</p> <p>6 Q And it looks like it's dated June 20, 2018.</p> <p>7 So do you know who this Vivian is?</p> <p>8 A It was a prospect, I believe.</p> <p>9 Q Got it. So you write here, and I'm</p> <p>10 looking at the second sentence, "Unfortunately,</p> <p>11 we cannot provide a track record. Let me know if</p> <p>12 you have questions."</p> <p>13 A Right.</p> <p>14 Q So this business of not providing</p> <p>15 a track record, this was communicated to you first</p> <p>16 by Evans and then by Gecas, is that correct?</p> <p>17 A Right.</p> <p>18 Q And this policy of not providing a track</p> <p>19 record, how long did it continue for?</p> <p>20 A It was forever.</p> <p>21 Q All right. So through the end of the</p> <p>22 firm, right?</p> <p>23 A Right.</p> <p>24 Q All right. And so your testimony</p>
<p>1 Q All right. What if anything did</p> <p>2 Mr. Donelson tell you about sharing Long Leaf's</p> <p>3 track record with customers?</p> <p>4 A He said we can't share that information.</p> <p>5 That's about it.</p> <p>6 Q So when did Mr. Donelson say that to you?</p> <p>7 A I don't remember.</p> <p>8 Q Did he say it to you in person? Did he</p> <p>9 email it to you? How was this communicated?</p> <p>10 A It was communicated in person.</p> <p>11 Q All right. So Mr. Donelson told you</p> <p>12 in person that you were not to share Long Leaf's</p> <p>13 track record with customers, correct?</p> <p>14 A He just said we don't have -- there was</p> <p>15 no track record to show.</p> <p>16 Q But Long Leaf, in fact, had been</p> <p>17 in operation for quite some time when Mr. Donelson</p> <p>18 took over, correct?</p> <p>19 A Yeah, I think since 2009 it was.</p> <p>20 Q All right. Let's take a look at</p> <p>21 Exhibit 192, if we could, please.</p> <p>22 A All right.</p> <p>23 Q All right. Do you recognize this document?</p> <p>24 A Yeah, it looks like an email.</p>	<p>Page 138</p> <p>1 is that you were told by Evans and by Gecas that</p> <p>2 you're not allowed to provide a track record because</p> <p>3 of regulations. That's your testimony?</p> <p>4 A That's my testimony, yeah.</p> <p>5 Q All right. So what did you do to confirm</p> <p>6 that?</p> <p>7 A Confirm what they said?</p> <p>8 Q Yeah.</p> <p>9 A You mean looking into the NFA website</p> <p>10 and the rules?</p> <p>11 Q Sure.</p> <p>12 A I was just following what Tim said,</p> <p>13 Tim told me.</p> <p>14 Q Yeah. So would it surprise you</p> <p>15 to learn that in fact for trading programs like</p> <p>16 this, the regulations require you to disclose</p> <p>17 a track record? Is that a surprise to you?</p> <p>18 A That's not a surprise to me.</p> <p>19 Q Okay. Why not?</p> <p>20 A I mean, that should be part of an</p> <p>21 investment decision.</p> <p>22 Q Yeah, so I agree completely. And,</p> <p>23 you know, my question then is why did you accept</p> <p>24 Mr. Evans' and Mr. Gecas' claims that track records</p>

<p>1 couldn't be shared?</p> <p>2 A It's just what I was led to believe</p> <p>3 at that time.</p> <p>4 Q But it sounds like you didn't believe</p> <p>5 it at that time. It sounds like you thought this</p> <p>6 was an important thing that investors ought to know,</p> <p>7 right?</p> <p>8 A Yeah. I mean, I would tell my</p> <p>9 senior associate at that time, asking him why</p> <p>10 we shouldn't do this, and he said it's just due to</p> <p>11 regulatory purposes. It gets messy once you start</p> <p>12 sharing return numbers and that was just the company</p> <p>13 policy that Tim implemented.</p> <p>14 Q And it continued under Mr. Donelson,</p> <p>15 correct?</p> <p>16 A Correct.</p> <p>17 Q All right. I want you to turn, if you</p> <p>18 would, please, to Exhibit 200.</p> <p>19 MR. BURDEN: Guys, I've got to go off</p> <p>20 the record for two minutes. We've got somebody</p> <p>21 here. Off the record. I'll be back on in five.</p> <p>22 Sorry.</p> <p>23 MR. FALVEY: Okay.</p> <p>24</p>	<p>Page 141</p> <p>1 A I mean, I just called it that.</p> <p>2 It was just performance of that new strategy that</p> <p>3 Jim implemented.</p> <p>4 Q Got it. And it says here, "Attached</p> <p>5 is a track record of our recent performance."</p> <p>6 You wrote that, right?</p> <p>7 A Yes.</p> <p>8 Q All right. So let's skip down to the</p> <p>9 attachment. And what does the attachment show here,</p> <p>10 please.</p> <p>11 A It just shows closed trades from June 2019</p> <p>12 to September 2019 on the 6th.</p> <p>13 Q All right. And does it show a profit</p> <p>14 or does it show a loss?</p> <p>15 A It shows a profit.</p> <p>16 Q All right. And how much of a profit does</p> <p>17 it show?</p> <p>18 A About \$6,000.</p> <p>19 Q All right. So is this -- does this show</p> <p>20 all of the trades that Long Leaf placed between June</p> <p>21 and September of 2019?</p> <p>22 A That are closed, yeah.</p> <p>23 Q How do you know that?</p> <p>24 A Because that's what Jim sent out and</p>
<p>1 (Whereupon a recess was taken from</p> <p>2 2:11 p.m., to 2:14 p.m., after which</p> <p>3 the following proceedings were had:)</p> <p>4 MR. BURDEN: All right. Sorry. Can we go</p> <p>5 back on the record, please.</p> <p>6 MR. FALVEY: Yes.</p> <p>7 BY MR. BURDEN:</p> <p>8 Q All right. So, Mr. Hatzigiannis,</p> <p>9 we're looking at Exhibit 200. Are you there with</p> <p>10 me?</p> <p>11 A Yes.</p> <p>12 Q All right. So do you recognize this</p> <p>13 document?</p> <p>14 A Yes.</p> <p>15 Q Could you tell me what it is, please.</p> <p>16 A Looks like a followup email to prospects</p> <p>17 with some closed trades.</p> <p>18 Q Got it. So this is an email you sent in</p> <p>19 September of 2019, is that right?</p> <p>20 A Yeah, that's what it says, yeah.</p> <p>21 Q What does the subject say, please.</p> <p>22 A Track Record Update, See Attach.</p> <p>23 Q Okay. So all of a sudden you can send</p> <p>24 track records to clients, right?</p>	<p>Page 142</p> <p>1 I trust Jim.</p> <p>2 Q All right. So did you do anything</p> <p>3 to check and see if this is an exhaustive list of</p> <p>4 trades from June through September of 2019?</p> <p>5 A Yeah, I did my best to check out --</p> <p>6 Q How did you do that?</p> <p>7 A I'm sorry?</p> <p>8 Q How did you do that?</p> <p>9 A I just looked at from the dates it</p> <p>10 says. I looked at the Cunningham statement and</p> <p>11 then seeing how much we entered in and how much we</p> <p>12 got out for.</p> <p>13 Q All right. And you determined that the</p> <p>14 customers made \$6,000 during that period of time?</p> <p>15 A I don't remember my calculations coming</p> <p>16 out, but I definitely trusted and still trust Jim</p> <p>17 Donelson.</p> <p>18 Q All right. So let me ask you this. This</p> <p>19 Edge strategy trade, what is that?</p> <p>20 A That was our core trades basically.</p> <p>21 Q All right. And did the core trades start</p> <p>22 in June of 2019?</p> <p>23 A I don't recall. I really don't.</p> <p>24 Q And the core -- I know you did this</p>

<p style="text-align: right;">Page 145</p> <p>1 already so -- but I'm going to ask you to do it 2 again. What are the core trades, please. Can you 3 describe what they are?</p> <p>4 A Yeah. Just the strangle, 4-legged trade. 5 It's a volatility swap. The front month they're 6 selling a weekly strangle, back month you're buying 7 a strangle.</p> <p>8 Q Got it. So is it fair for me to 9 describe these core trades broadly as 4-legged 10 spread trades?</p> <p>11 A Most of them weren't. Some of them were. 12 Q All right. So why is it that only the 13 results from June through September were provided 14 to this customer?</p> <p>15 A I think that's when we spoke, left 16 off speaking, and this is when I sent the email. 17 So that's probably why.</p> <p>18 Q Yeah. I guess what I'm asking for 19 is -- you know, let me do it another way. So the 20 attachment to Exhibit 200, this track record update, 21 did you just make that?</p> <p>22 A I did not make this, no.</p> <p>23 Q Who made it?</p> <p>24 A Jim.</p>	<p style="text-align: right;">Page 147</p> <p>1 Q Why not? You just told me you sent it. 2 A No, I said I spoke to him about it. 3 Q All right. Now, according to our records, 4 between January and May of 2019 Long Leaf Trading 5 lost \$281,870 for customers. Is that what you told 6 this customer when you spoke to him earlier in the 7 year?</p> <p>8 A No, I was unaware of that number. 9 Q Well, what do you think you told him? 10 A I don't know. 11 Q All right. So we're going to do another 12 similar one. Could you look at Exhibit 201, please. 13 A Yeah. 14 Q All right. So, once again, this is 15 an email from you to a prospect, is that right? 16 A Looks like it. 17 Q And it looks like you sent this on 18 October 7th of 2019, is that right? 19 A That's right. 20 Q And it says, "We have closed out 26 21 of our past 30 trades for a profit. This attachment 22 shows results for our most conservative client." 23 Who is that client, please. 24 A It was somebody who only took one contract.</p>
<p style="text-align: right;">Page 146</p> <p>1 Q Did he tell you to send it to people? 2 A He said it was okay to send it to people. 3 Q All right. And, in fact, you did -- 4 A That's one contract for each trade, and he 5 put this disclaimer here. 6 Q Got it. And you did send this to dozens 7 of people, is that fair to say? 8 A Yeah, that's fair to say. 9 Q All right. So I noticed that these 10 results show trades between June and September. 11 Why don't they show trades before that? Why don't 12 they show trades between January and May? 13 A I'm not sure. My guess would be that 14 we started talking in June and I had already showed 15 him results from January to then, and I just wanted 16 to give him an update of what we'd been doing since 17 we last spoke. 18 Q So your testimony is you think you 19 shared with this customer results from Long Leaf's 20 trading from January through May of 2019? 21 A Right. 22 Q So am I going to find that in an email 23 somewhere? 24 A Probably not.</p>	<p style="text-align: right;">Page 148</p> <p>1 Q What's that person's name? 2 A That only took one contract? 3 Q Whose account is this that you're now 4 sharing with other customers? 5 A I don't remember. 6 Q Was this a customer of yours? 7 A I don't remember. 8 Q All right. So if you're going to send 9 this track record -- well, I should ask you the same 10 question I asked you for the first one. So with 11 respect to CFTC Exhibit 201, this update that's 12 attached, this account, does this reflect all of 13 the trades between -- I don't know what it reflects, 14 so let me ask you. What are we looking at here? 15 It doesn't look like any of the dates match up. 16 They're not in chronological order. Maybe they 17 are for the exits. What is this supposed to 18 represent? 19 A These are all closed trades. 20 Q So are these all of the closed trades for 21 a particular period? Is that what you understood? 22 A Yeah. 23 Q So what was that period? 24 A It looks like June 18th to October 20th.</p>

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<p>1 Q All right. So why not show this customer 2 the trades that were made by Long Leaf before June 3 of 2019?</p> <p>4 A I'm not 100 percent sure on that.</p> <p>5 Q All right. So let me ask you this. 6 You know, we heard you testify before -- we heard 7 you testify before that you were told by Gecas and 8 Evans that you weren't allowed to send out track 9 records or customers' trading results and that 10 that continued for a time under Donelson. That's 11 what you said, right?</p> <p>12 A Right.</p> <p>13 Q Now all of a sudden you're sending 14 out these track records, which you label as track 15 records, to dozens of customers. And we're seeing 16 you do this in late 2019, is that right?</p> <p>17 A That's right.</p> <p>18 Q So did you ever go to Mr. Donelson 19 and say what are we doing here? Like I thought 20 we couldn't do this. Now we can? I mean, did you 21 question this?</p> <p>22 A Yeah. I mean, I think this is 23 actually the time period we actually implemented, 24 100 percent rolled out the new type of strategies.</p>	<p>1 basically positive for some customers, and I think 2 you didn't send any other track records because 3 Long Leaf lost so much money for customers during 4 every other month of 2019. Is that correct?</p> <p>5 MR. FALVEY: Objection, argumentative, 6 but go ahead.</p> <p>7 A Yeah, I could see why you'd think that, 8 but it's not true.</p> <p>9 BY MR. BURDEN:</p> <p>10 Q So tell me why that's wrong.</p> <p>11 A No comment. I mean, to --</p> <p>12 Q What do you mean, no comment?</p> <p>13 A I'm not going to explain why I think 14 this is -- why you think that's wrong.</p> <p>15 Q It doesn't -- I just made a statement 16 to you. You said that statement is wrong. I'm 17 asking you why that statement is wrong. If you'd 18 like to invoke the Fifth Amendment, that's within 19 your rights. Otherwise you've got to answer.</p> <p>20 A I just told you the whole time of what 21 we were doing. It was the implementation of that 22 new strategy. I'm repeating information.</p> <p>23 Q So your testimony is that the reason 24 that you sent those track records showing trades</p>
Page 150	Page 152
<p>1 And Jim started to -- had the Microsoft Excel 2 program keeping track of these trades, and this 3 is when Jim implemented the new procedure.</p> <p>4 Q Yeah, that's not what I'm asking. 5 What I'm asking you, Mr. Hatzigiannis, is did you 6 ever talk to Mr. Donelson about why you didn't used 7 to be able to send track records and now you can?</p> <p>8 A I never asked that question, no.</p> <p>9 Q Why not?</p> <p>10 A It didn't cross my mind.</p> <p>11 Q All right. How frequently would you 12 send out these track records to customers like we 13 saw in Exhibits 200 and 201?</p> <p>14 A I'm not entirely sure. Probably sent 15 it out to like -- maybe after every eight trades 16 or so.</p> <p>17 Q And when did that start, please.</p> <p>18 A It looks like in June I think. I'm not -- 19 I don't know. I really don't know.</p> <p>20 Q You know, I'm going to tell you what 21 I think, Mr. Hatzigiannis, and I want you to tell 22 me if I'm right. I think that you sent out these 23 so-called track records between June and September 24 because some of the trades during that period were</p>	<p>1 from June to September is because those were the 2 months when the new strategy was going on?</p> <p>3 A Right.</p> <p>4 Q I thought you testified before that 5 you didn't know when the new strategy started. 6 A I didn't know at that time when you asked 7 me that question, but now I see the documentation 8 here.</p> <p>9 Q All right. So your testimony is that this 10 Edge strategy began in June of 2019?</p> <p>11 A That's what it looks like.</p> <p>12 Q I'm not asking you what it looks like. 13 I'm asking you what you know and what you remember 14 Do you know --</p> <p>15 A I don't --</p> <p>16 Q Do you know when the Edge strategy started? 17 A No.</p> <p>18 Q Do you know if the Edge strategy of these 19 core trades, if they started in June of 2019?</p> <p>20 A No.</p> <p>21 Q There we go. All right. I'm going 22 to slow this way down, Mr. Hatzigiannis, and ask 23 you some easy questions about your office and what 24 it looked like.</p>

	Page 153		Page 155
1	A All right.		1 saying on the phone?
2	Q Yeah, these are all --		2 A Sometimes.
3	A Go ahead.		3 Q Do you think Mr. Donelson could hear what
4	Q So when Mr. Donelson took over		4 you were saying on the phone?
5	in January of 2018, where were you guys working,		5 A No, that would be tough for him. There's
6	please.		6 a lot of people speaking over each other. I mean,
7	A The Board of Trade, a Regus office.		7 he was --
8	Q All right. So tell me, if you would,		8 Q How far away from Mr. Donelson were you
9	please, what that office looked like. Like were		9 in this office?
10	there offices? Were there cubicles? Where did		10 A At that time I was about 15 feet away
11	people sit? How big was it?		11 or so.
12	A There's no cubicles. There's a section		12 Q All right. And you think he probably
13	for four people, so there's about three tables for		13 couldn't hear you?
14	four people. There was a big table for Jim. I'm		14 A I think he could hear me if I was speaking
15	not sure what else you need.		15 myself and no one else was speaking.
16	Q All right. So how many -- when you		16 Q All right. So did Mr. Donelson ever
17	started, how many other brokers were in the office?		17 stop by and listen to you, you know, do your thing
18	A When I started?		18 on calls?
19	Q Yeah.		19 A Rarely.
20	A In 2016?		20 Q Does that mean he did it occasionally?
21	Q You know what, I'll tell you what. So		21 A Rarely is barely.
22	thank you, 2018. In January of 2018 how many people		22 Q So like maybe he did it once or twice,
23	were in this office space, please.		23 but you really can't remember?
24	A I believe there was 10 or 11.		24 A Sure.
	Page 154		Page 156
1	Q And it was all just one big room?		1 Q Is that a yes?
2	A Right.		2 A Yes.
3	Q And so Mr. Donelson was in that room		3 Q All right. And so was that true for
4	with you?		4 the entire time you were at Long Leaf, you were
5	A Correct.		5 sort of allowed to do calls with no supervision
6	Q And he had a big table, right?		6 from Mr. Donelson?
7	A Right.		7 A Yeah, but towards the end I sat right
8	Q And the other nine or ten people sort		8 across from him. So everybody could hear each other
9	of shared tables, is that right?		9 at that time when it got dwindled down to only five
10	A Yeah, except for Scott.		10 people in the office.
11	Q Did Scott have his own room?		11 Q Okay. Well, I'll tell you what.
12	A He did not have his own room. He just		12 We'll get to that because I want to ask you,
13	had -- it was just one table, one computer. It was		13 Mr. Hatzigiannis, how your office setup changed.
14	kind of next to Jim's.		14 But just during the time you worked at Long Leaf
15	Q So how big was the room, please.		15 from January of 2018, you know, through December
16	A I don't know. Like 20 by 40 feet maybe.		16 of 2019, Mr. Donelson really didn't listen in or
17	Q So if you'll forgive the characterization,		17 check up on your calls at all, is that fair to say?
18	that sounds like pretty close quarters to me. Is		18 A That's what I was led to believe.
19	that fair to say?		19 He could have listened to calls on recordings or
20	A Sure, that's fair.		20 live recordings, things like that.
21	Q And all you guys are on the phone in there		21 Q Do you know if he ever did that?
22	all the time, right?		22 A I know he did it, but I don't know how
23	A Most of us, yeah.		23 many times did he that.
24	Q So can you hear what other people are		24 Q Do you know if he listened to any of your

<p>1 recorded calls?</p> <p>2 A Yes, I know he did.</p> <p>3 Q How do you know that?</p> <p>4 A He told me.</p> <p>5 Q When did he tell you?</p> <p>6 A I don't remember exactly.</p> <p>7 Q All right. Well, what did he say about</p> <p>8 the recorded calls that he listened to of yours?</p> <p>9 A I don't remember, to be honest. I just</p> <p>10 remember having the interaction.</p> <p>11 Q You don't remember anything about that</p> <p>12 interaction?</p> <p>13 A No.</p> <p>14 Q Did Mr. Donelson ever provide you with</p> <p>15 any criticism of what you were doing on the phone?</p> <p>16 A Yes.</p> <p>17 Q What did he say to you?</p> <p>18 A I forget, but he did.</p> <p>19 Q What did he say?</p> <p>20 A I forget.</p> <p>21 Q Well, did he say good God? Did he say --</p> <p>22 you know, was the gist of it you were doing well?</p> <p>23 A If he's criticizing, he's not saying</p> <p>24 good job. But there was something I said and he</p>	<p>Page 157</p> <p>1 Q For you.</p> <p>2 A For me, maybe -- I don't know, to be</p> <p>3 honest.</p> <p>4 Q Well, what did you say that wasn't</p> <p>5 legal or that Mr. Donelson told -- you've got to let</p> <p>6 me finish. What did you say that Mr. Donelson told</p> <p>7 you wasn't legal?</p> <p>8 A I don't remember.</p> <p>9 Q Did Mr. Donelson ever tell you</p> <p>10 that something you said wasn't legal in writing?</p> <p>11 Like am I going to find emails about this?</p> <p>12 A I don't think so.</p> <p>13 Q All right. And I think you were</p> <p>14 describing for me -- all right. So when you</p> <p>15 started in January of 2018, you testified that you</p> <p>16 were in a Regus rented office in the Board of Trade,</p> <p>17 is that right?</p> <p>18 A Right.</p> <p>19 Q So did you guys change offices at some</p> <p>20 point?</p> <p>21 A Yes, we did.</p> <p>22 Q And when was that, please.</p> <p>23 A I believe it was in the summer of 2019</p> <p>24 or the spring of 2019.</p>
<p>Page 158</p> <p>1 didn't like it, and he said I'm not allowed to say</p> <p>2 that.</p> <p>3 Q Do you remember what that was?</p> <p>4 A No, I don't, unfortunately.</p> <p>5 Q All right. Was there anything that</p> <p>6 Mr. Donelson told you about your calls or your</p> <p>7 discussions with customers that you weren't allowed</p> <p>8 to say or that, you know, that you had done that was</p> <p>9 bad?</p> <p>10 A Is that the same question?</p> <p>11 MR. FALVEY: Yeah, asked and answered.</p> <p>12 BY MR. BURDEN:</p> <p>13 Q You know, I think it's more just</p> <p>14 that it's a terrible question. Did Mr. Donelson</p> <p>15 ever -- well, let me ask you this instead. What did</p> <p>16 Mr. Donelson do to make sure that you stuck to the</p> <p>17 NFA-approved script, if anything?</p> <p>18 A I don't know. If he heard something</p> <p>19 that was not legal, he would say something about</p> <p>20 it, from what I could remember.</p> <p>21 Q All right. Well, when did that happen?</p> <p>22 A I don't remember.</p> <p>23 Q How many times did it happen?</p> <p>24 A For me or for everybody?</p>	<p>Page 160</p> <p>1 Q All right. And where did you guys move</p> <p>2 to, please.</p> <p>3 A I don't know the exact address, but it's</p> <p>4 right by the Willis Tower on Wacker. It was another</p> <p>5 Regus office. It was a smaller office.</p> <p>6 Q All right. So did the office have</p> <p>7 individual rooms or was it like all one big room</p> <p>8 again?</p> <p>9 A It was all one big room.</p> <p>10 Q All right. And who sat in that room?</p> <p>11 A It was me, Jim, Vicki, Alex and Ben.</p> <p>12 Q Anybody else?</p> <p>13 A No.</p> <p>14 Q So could you hear other people while they</p> <p>15 were talking?</p> <p>16 A Yes.</p> <p>17 Q Do you think that Mr. Donelson could hear</p> <p>18 you while you were talking on the phone?</p> <p>19 A Yes.</p> <p>20 Q All right. Did Mr. Donelson ever</p> <p>21 discipline anybody, to your knowledge, at Long Leaf</p> <p>22 Trading for saying things on the phone to clients</p> <p>23 that they shouldn't?</p> <p>24 A No, I can't think of any instances.</p>

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1 Q And certainly that didn't happen to you?	1 you -- Jim Donelson and Scott Gecas would give you
2 A No.	2 performance reviews sort of sporadically throughout
3 Q What did Mr. Donelson do, if anything,	3 2019, is that fair to say?
4 to make sure you didn't make misrepresentations	4 A That's fair to say.
5 to customers?	5 Q And these reviews were focused on sales
6 A Like I said, he would just -- if he heard	6 numbers, is that fair to say?
7 something that was off, he would say something about	7 A It's fair to say, yeah.
8 it and that's about it.	8 Q All right. So, you know, I'm not going
9 Q All right. And did Mr. Donelson	9 to show you an exhibit on this because it's just
10 ever hear anything you said that was off, as you	10 boring, but I've seen some emails that are written
11 put it?	11 by you or to you that copy compliance. Do you know
12 A Yeah. Like I said, that's happened before.	12 what I'm talking about there?
13 I just don't remember what it was exactly.	13 A Not really. I need more information.
14 Q Do you remember what it was generally?	14 Q Okay. Well, let me ask you this instead.
15 Do you have a vague idea?	15 Did Long Leaf Trading have a legal or regulatory
16 A I'm trying to help you out, but I don't.	16 compliance person?
17 Q Don't worry. You're definitely helping	17 A I think it was Rebecca.
18 me out. Did you receive performance reviews at Long	18 Q All right. And -- Rebecca Wing?
19 Leaf Trading, Mr. Hatzigiannis?	19 A I don't recall her last name.
20 A In 2018, yeah.	20 Q Did you ever meet with this person?
21 Q And who gave you that performance review?	21 A I did not meet one on one, but I was
22 A Jim and Scott.	22 introduced.
23 Q All right. And what did they tell you?	23 Q And when were you introduced?
24 A They were just talking about, you know,	24 A I think when Jim first started.
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1 sales numbers and things of that nature.	1 Q And did you have occasion to speak with
2 Q Did you get a good review?	2 Ms. Wing?
3 A In the beginning I didn't.	3 A I never really spoke with her, no.
4 Q Why?	4 Q All right. So it sounds like you met
5 A I don't know.	5 Ms. Wing in like January of 2018-ish, is that right?
6 Q Well, it sounds like the basis for	6 A Right.
7 these reviews were sales numbers, is that correct?	7 Q All right. Did you ever have occasion to
8 A Right.	8 meet with her after that?
9 Q So did you get a bad review because your	9 A I mean, when she would come in the office,
10 sales numbers weren't good?	10 I would say hi. That's about it.
11 A I guess to them it wasn't. I thought they	11 Q All right. So she came in more than once,
12 were.	12 but you didn't really talk to her, right?
13 Q Okay. Did you get a performance review	13 A Right.
14 in 2019 at all?	14 Q Was Ms. Wing in the office with you guys
15 A Occasionally here and there. Not as often	15 on a regular basis?
16 as 2018.	16 A No.
17 Q And who gave you those performance reviews?	17 Q Were there any other compliance personnel
18 A Scott.	18 at Long Leaf Trading?
19 Q Did Mr. Donelson give you any performance	19 A I guess Jim was -- could be compliance.
20 reviews in 2019?	20 I don't know.
21 A Yeah, he's the one who created them.	21 Q Well, why do you say that? I don't
22 And I think Scott and I had talked, and then I think	22 disagree. I'm just asking why you say that.
23 Jim was there sometimes as well.	23 A Just because of all those instances
24 Q Got it. So Jim and Scott would give	24 of when he stopped us from saying something or,
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<p>1 you know, we had meetings before saying, you know, 2 you can't say this or this is how you handle a 3 question from a prospect, stuff like that.</p> <p>4 Q Got it. Now, can you remember any of 5 the things that Mr. Donelson told you not to say?</p> <p>6 A No, I can't.</p> <p>7 Q All right. I want to -- I'd like you to 8 turn, please, to CFTC Exhibit 195.</p> <p>9 A Okay.</p> <p>10 Q Do you recognize this document?</p> <p>11 A I don't remember this document.</p> <p>12 Q All right. So you'll see it's from Jim 13 Donelson and it's to a bunch of people. And is that 14 your email address, jhatzgiannis --</p> <p>15 A Yeah, at Long Leaf, yeah.</p> <p>16 Q All right. So Mr. Donelson writes, 17 "After my discussion on Tuesday, these call volumes 18 are unacceptable. 200 per day is the number and 19 we'd better start hitting it." Do you remember 20 Mr. Donelson sending this email?</p> <p>21 A Vaguely.</p> <p>22 Q All right. So did you start hitting that 23 number?</p> <p>24 A No.</p>	<p>1 over the last two weeks hasn't been there. I am 2 keeping my eye on the statistics today so I know 3 where everyone is." Where did these leads come 4 from, if you know?</p> <p>5 A To my knowledge, it was Traders Advantage 6 I think.</p> <p>7 Q What is that?</p> <p>8 A I think it's an educational firm.</p> <p>9 Q So did Long Leaf Trading purchase these 10 leads from this educational firm?</p> <p>11 A That's what I was led to believe, but I was 12 never told that by Jim or Tim.</p> <p>13 Q Okay. So why do you -- like how did you 14 come to believe that?</p> <p>15 A I was told by other associates there.</p> <p>16 Q All right. So it looks here like 17 Mr. Donelson was pretty focused on bringing in -- 18 on bringing in customers, is that fair to say?</p> <p>19 A Yes.</p> <p>20 Q And did he continue to focus on bringing 21 in customers, you know, throughout 2018?</p> <p>22 A I think he was always focused on bringing 23 in customers.</p> <p>24 Q Yeah. I mean, did he ever say anything</p>
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<p>1 Q What happened to people who didn't hit 2 their numbers at Long Leaf Trading?</p> <p>3 A Depending on who they were, some of them 4 got cut. That's about it.</p> <p>5 Q And by cut you mean fired, right?</p> <p>6 A Yeah, let go.</p> <p>7 Q Who fired them?</p> <p>8 A Jim.</p> <p>9 Q Donelson?</p> <p>10 A Yes.</p> <p>11 Q All right. So let's take a look at 12 Exhibit 196. Do you recognize this document?</p> <p>13 MR. FALVEY: Just a sec.</p> <p>14 A I do not.</p> <p>15 BY MR. BURDEN:</p> <p>16 Q All right. Well, was that your email 17 address, jhatzgiannis@longleaftrading.com?</p> <p>18 A Yes.</p> <p>19 Q All right. And this was sent by 20 Mr. Donelson on July 27th of '18 and he writes, 21 "From this day forward I will be transferring 22 better leads based on effort. If you are not 23 dialing, you will not be getting leads transferred 24 to you. Effort equates to success and the effort</p>	<p>1 to you to suggest that maybe you should slow down or 2 stop bringing in customers when the trades weren't 3 doing well?</p> <p>4 A No.</p> <p>5 Q You were just supposed to keep bringing 6 them in because that is your job, correct?</p> <p>7 A Right.</p> <p>8 MR. BURDEN: All right. You guys, 9 I want to go off the record to take a quick 10 breather, and then we're going to launch into 11 something else. So back at 3, please.</p> <p>12 MR. FALVEY: Okay. (Whereupon a recess was taken from 14 2:52 p.m., to 3:10 p.m., after which 15 the following proceedings were had:)</p> <p>16 MR. BURDEN: All right. Back on the 17 record, please.</p> <p>18 Q All right. Mr. Hatzgiannis --</p> <p>19 Hatzgiannis. I'm going to keep screwing this 20 up. Mr. Hatzgiannis, would you turn, please, to 21 CFTC Exhibit 71.</p> <p>22 A All right. I see it.</p> <p>23 Q Have you got it?</p> <p>24 A Yeah, I've got it.</p>
[1/13/2021 9:25 AM] Hatzgiannis, James 2021-01-13	

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1	Q All right. So who's Alan Kirsch?		1 return annually.
2	A He's one of the clients I inherited.		2 Q All right. And did you have any customers
3	Q Got it. And from whom did you inherit		3 that got a 20 percent return?
4	Mr. Kirsch?		4 A No, I did not.
5	A I think it was from Scott Gecas.		5 Q Are you aware of any?
6	Q All right. So Exhibit 71, you can see		6 A I am not aware of any.
7	it's an email from Mr. Donelson to Mr. Kirsch and		7 Q All right. So let's go to Exhibit 206,
8	you're being carbon copied on it, right?		8 if you would, please.
9	A Right.		9 A All right.
10	Q So what's the date on that?		10 Q All right. What's this email, please.
11	A Looks like March 28, 2019.		11 A It looks like an analysis of trades from
12	Q All right. So scroll down a little.		12 March to June 2018 for Shahzad.
13	Mr. Kirsch is complaining here. What's Mr. Kirsch		13 Q And is that a customer of yours?
14	complaining about?		14 A I don't recall, actually.
15	A It looks like I did a quick calculation.		15 Q All right. So let's scroll down.
16	It is down 68 percent, down 38 percent since Jim		16 What's this analysis showing for this customer?
17	took over from Scott just a few months ago. Would		17 What are we looking at here?
18	you like me to read the rest?		18 A His trades. We're looking at up four
19	Q Please.		19 trades in April, five trades in April, four trades
20	A It's okay. No, you can go ahead.		20 in May, three -- four trades in June. Or, no, one
21	Q Sorry?		21 is still open.
22	A Oh, "You guys are doing a terrible job!"		22 Q Are these trades profitable?
23	Q All right. So let's go -- and the		23 A Some of them are and some of them aren't.
24	date on that is March 28, 2019. So let's go to		24 Overall it doesn't look like it.
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1	CFTC Exhibit 203, please.		1 Q Yeah. Overall it looks like this
2	A All right.		2 is negative by more than a thousand, is that fair
3	Q All right. And what's this document?		3 to say?
4	A It looks like an email to Don Scata.		4 A Yeah, a little over a thousand, yeah.
5	Q From you?		5 MR. FALVEY: Dollars or percent?
6	A Right.		6 THE WITNESS: Dollars, dollars, dollars.
7	Q And what's the date on that?		7 BY MR. BURDEN:
8	A April 6, 2018.		8 Q Dollars. All right. And so this is
9	Q All right. So that's, you know, that's		9 an email that Donelson sent to you on August 1st,
10	eight or nine days after this email from Mr. Kirsch,		10 correct?
11	right?		11 A Yeah. It could have been a mistake,
12	A Right.		12 though. I don't understand why he would send me
13	Q All right. So what are you telling		13 this email.
14	Mr. Scata in this second paragraph of your email		14 Q Well, in any event, you got it, didn't you?
15	here?		15 A Yes.
16	A What my job is to do for him.		16 Q And you saw that Mr. Qureshi suffered
17	Q Yeah. I want you to read it for me,		17 net losses for trades March 2018 through June 2018,
18	please.		18 isn't that correct?
19	A My job is to get a return on your capital.		19 A Yeah, overall net loss, yeah.
20	With our recent past two-month performance the time		20 Q Got it. So let's go to Exhibit 207, if we
21	is now, and at the end of the day we are a team.		21 could, please.
22	I need you to do your part and complete the Long		22 A Okay.
23	Leaf app and Midland application as soon as possible		23 Q All right. So what's this, please.
24	so we can get -- start getting you that 20 percent		24 A It looks like a trade pitch.

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1	Q From you?		1 yeah.
2	A Right.		2 Q Do you think that?
3	Q To whom?		3 A I don't know, to be honest.
4	A David Arquitt.		4 Q All right. So let's look at Exhibit 208.
5	Q Got it. And it looks like you're		5 A Okay.
6	sending this on August 14, 2018, two weeks after		6 Q All right. What's this document, please.
7	that Qureshi email you got, is that right?		7 A It looks like an email to an individual
8	A Right.		8 named Hamid asking him to give me five minutes,
9	Q All right. So what are you saying to		9 saying I assure you with the results we've seen
10	Mr. Arquitt in this email?		10 this year it will be well worth your time.
11	A We've got two new trades, strong		11 Q All right. And did you ever open up an
12	month in July, looking to keep that momentum going		12 account for Hamid? I can't remember.
13	for us here, look at that attachment, respond ASAP		13 A I don't believe so.
14	and then gave him updates on it looks like positions		14 Q All right. And what's the date on this
15	that we took off in July.		15 email?
16	Q Yeah, so I want to drill down on this		16 A August 24, 2018.
17	statement that we had a strong month in July. So,		17 Q All right. So according to the
18	you know, I want to know what your basis is for that		18 records that we have from Gain, from January through
19	because our records reflect that Long Leaf Trading		19 August of 2018 Long Leaf Trading lost \$1,279,468.08
20	customers lost \$54,977.49 just during the month of		20 for customers. Does that sound right to you?
21	July. Does that sound correct to you?		21 Is that surprising?
22	A It's too long ago to tell you.		22 A That's very surprising.
23	Q Yeah, you can't know. So what basis		23 Q Yeah. So why is that a surprise to you?
24	did you have to say to Mr. Arquitt that July was		24 A I think it's a lot of money.
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1	a strong month? Why did you tell him that?		1 Q I think so too.
2	A That's what I was told.		2 A It's a lot of money. I don't know.
3	Q Who told you that?		3 Q Yeah. So when you tell Mr. Hamid here,
4	A Jim and Scott.		4 "I assure you with the results we have seen this
5	Q And that's Jim Donelson?		5 year it will be well worth your time," what could
6	A That is Jim Donelson.		6 you possibly be talking about?
7	Q All right. And we saw in the Qureshi		7 A Probably the recent performance from
8	analysis that the trading between March and June		8 July and August.
9	was net negative for Long Leaf Trading accounts,		9 Q Oh, okay. So how much did they --
10	is that fair to say?		10 did Long Leaf make for clients in July and August
11	A For Shahzad in particular, I know he		11 of 2018?
12	barely had any money in his account at that time.		12 A I have no idea. I was led to believe we
13	So I don't know if he -- we were taking the same		13 had some good trades. That was such a long time
14	trades. I don't know if that reflects all the Long		14 ago. I just don't know.
15	Leaf clients or most of them from that time period.		15 Q All right. If I was to tell you that
16	Q Well, it looks like he's getting		16 in July and August Long Leaf Trading made negative
17	the same four recommendations. He looks like he's		17 \$2,000 for its customers and \$179,892.99 for itself
18	getting four recommendations a month, doesn't he,		18 in commissions, would that surprise you?
19	this Mr. Qureshi in Exhibit 206, right?		19 A Can you repeat those numbers again?
20	A It looks like it, yeah.		20 Q Yeah, sure. So if I was to tell you that
21	Q So why do you think -- it looks to me		21 in July and August Long Leaf Trading made negative
22	like he's getting the same trades as everybody else.		22 \$2,000 for its customers, would that surprise you?
23	Don't you think so?		23 A Of 2018?
24	A I mean, I can see how you'd think that,		24 Q Yeah.

<p>1 A A little bit.</p> <p>2 Q All right. Now, if I was to tell you --</p> <p>3 and this is what the Gain records reflect -- that</p> <p>4 Long Leaf Trading during July and August of 2018</p> <p>5 made \$179,892.99 for itself in commissions, would</p> <p>6 that come as a surprise to you?</p> <p>7 A Yes.</p> <p>8 Q All right. Well, let me ask you this.</p> <p>9 What basis did you have to tell Mr. Hamid here</p> <p>10 that the results we have seen this year will be</p> <p>11 well worth your time?</p> <p>12 A I guess I was just led to believe we were</p> <p>13 doing well.</p> <p>14 Q Who led you to believe that?</p> <p>15 A Jim and Scott.</p> <p>16 Q What did Jim tell you to make you</p> <p>17 believe that -- Jim Donelson. What did Jim Donelson</p> <p>18 tell you to make you believe that you were doing</p> <p>19 well in 2018?</p> <p>20 A Just looking back at that email from --</p> <p>21 to David Arquitt, those closed position percentages.</p> <p>22 Q So your testimony is that Mr. Donelson</p> <p>23 related to you some closed position percentages for</p> <p>24 July, and you inferred from that that Long Leaf was</p>	<p>Page 177</p> <p>1 A Okay.</p> <p>2 Q All right. What's Exhibit 211, please.</p> <p>3 A It looks like another email to Dave Arquitt</p> <p>4 explaining some things about his account.</p> <p>5 Q All right. And I want you to go down to</p> <p>6 the earlier, like the previous email in the chain</p> <p>7 dated October 1, 2018. Do you see that?</p> <p>8 MR. FALVEY: Wait, I'm sorry.</p> <p>9 A October or, I'm sorry, what did you say,</p> <p>10 August?</p> <p>11 BY MR. BURDEN:</p> <p>12 Q Let's turn to page 2 of Exhibit 211,</p> <p>13 please.</p> <p>14 A All right.</p> <p>15 Q All right. Are you there?</p> <p>16 A I'm there.</p> <p>17 Q What's this, please.</p> <p>18 A He's saying I've been with you guys</p> <p>19 for a while, seeing account not growing at all,</p> <p>20 only making enough for commissions. I'm ready see</p> <p>21 little growth.</p> <p>22 Q All right. And this is an email from Dave</p> <p>23 Arquitt to you, correct?</p> <p>24 A Right.</p>
<p>1 doing well for the whole year?</p> <p>2 A It was such a long time ago. I don't</p> <p>3 know what my basis was for that. But just from</p> <p>4 looking at all these exhibits you pulled up, I see</p> <p>5 that it looks like we had some winning trades in</p> <p>6 July and that's probably where I got the basis from.</p> <p>7 This is all speculation.</p> <p>8 Q Okay. Well, you know, I'll tell you</p> <p>9 what. I don't want you to speculate, and it's</p> <p>10 not a violation of the rules. You can speculate,</p> <p>11 but I don't want you to try to speculate. I want</p> <p>12 you to tell me what you know and what you remember.</p> <p>13 A Okay.</p> <p>14 Q All right. It's not your job -- and</p> <p>15 I'm sure your capable attorney explained this to</p> <p>16 you -- to try to find explanations for stuff, you</p> <p>17 know. If you know and you remember, tell me and if</p> <p>18 you don't, you say that, all right?</p> <p>19 A Sure.</p> <p>20 MR. FALVEY: Sorry. Is there a question</p> <p>21 pending?</p> <p>22 BY MR. BURDEN:</p> <p>23 Q I'd like you to turn to CFTC Exhibit 211,</p> <p>24 if you would, please.</p>	<p>Page 178</p> <p>1 Q And what's the date on that?</p> <p>2 A October 1, 2018.</p> <p>3 Q All right. So I'd like you to turn, if you</p> <p>4 would, please, to CFTC Exhibit 212.</p> <p>5 A Okay.</p> <p>6 Q All right. Do you recognize this document?</p> <p>7 A Hold on.</p> <p>8 Q I'm sorry. 213, 213. Wait, hang on.</p> <p>9 MR. FALVEY: 213?</p> <p>10 MR. BURDEN: Nope, nope. I was right the</p> <p>11 first time.</p> <p>12 MR. FALVEY: 212?</p> <p>13 MR. BURDEN: 212, sorry. I've got dozens</p> <p>14 of these, so I'm trying to race through them.</p> <p>15 I'll slow down.</p> <p>16 Q All right. So, Mr. Hatzigiannis --</p> <p>17 MR. FALVEY: No worries.</p> <p>18 MR. BURDEN: Thank you.</p> <p>19 Q -- please turn to Exhibit 212 and indicate</p> <p>20 for me when you are there.</p> <p>21 A Yeah, I see it.</p> <p>22 Q All right. What's Exhibit 212, please.</p> <p>23 A Basically explains the steps to fill</p> <p>24 out a Midland IRA and then giving updates of what we</p>

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<p>1 did in September and a couple trades from October, 2 a couple trades still managing. That's about it. 3 Q All right. So this is an email to Krishna 4 Jaligama. Who's that? 5 A Just a prospect. 6 Q All right. And you sent this email, right? 7 A Right. 8 Q And you sent it on October 12, 2018, right? 9 A Right. 10 Q All right. So I want to go to the bit 11 where you talk to them about September. You say, 12 "We are coming off a very strong summer." Would you 13 read that paragraph to me, please. 14 A Sure. Coming off a very strong summer. 15 September we made about 4 to 5 percent net profit 16 for our client depending on their risk tolerance. 17 Also we have already taken two trades off here in 18 October. One was a broken wing put butterfly spread 19 in the Aussie dollar. We exited out for about a 20 49 percent net profit. The other one we got out 21 of was a broken wing call butterfly spread in 22 wheat. We exited out of the position for about a 23 27 percent net profit. Three other trades still 24 on we're actively managing. Note, the profit is</p>	<p>1 Q All right. So I put the cart before 2 the horse a bit. So your first sentence here was, 3 "We are coming off a very strong summer." So this 4 is not a rhetorical question, for the record. I 5 actually don't know. How long is summer? Is summer 6 like May through July? Like what's summer to you? 7 A Per this email, no idea. Don't remember. 8 Q Well, all right. So, you know, according 9 to our records, between May and August -- maybe 10 that's summer -- yeah, between May and August Long 11 Leaf Trading customers lost \$86,448.95. So I guess 12 I want to know what's your basis for telling poor 13 Krishna that you're coming off a very strong summer? 14 A I mean, this is all stuff I was told 15 via the trade team, which is Jim and Scott, so ... 16 Q All right. So did Jim Donelson tell you 17 this, that they had a very strong summer? 18 A I don't remember. 19 Q Could you maybe have been referring 20 to the commissions that Long Leaf Trading generated 21 for itself, which between May and August totaled 22 \$333,672.17? Is that maybe what you meant? 23 A Absolutely not, no. 24 Q Yeah, I wouldn't think so. All right.</p>
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<p>1 on the capital we used on the trade and not on the 2 whole account itself. 3 Q All right. So I want to ask, you write 4 here, "In September we made about a 4-5 percent net 5 profit for our clients." What clients of yours got 6 a 4 to 5 percent return in September? 7 A I don't remember. 8 Q All right. Because according to our 9 records, Long Leaf Trading customers lost a total 10 of \$4,074.93 in September whereas Long Leaf itself 11 made more than \$36,000 in commissions. Did you know 12 that? 13 A I did not know that. 14 Q All right. So why did you tell this 15 person that in September we made 4 to 5 percent 16 net profit for our clients depending on their risk 17 tolerance? 18 A I don't know. 19 Q What's your basis for saying that? 20 A I don't remember. 21 Q I mean, did you just make it up? 22 A No. 23 Q Where did it come from? 24 A I don't remember.</p>	<p>1 Would you turn for me, please, to CFTC Exhibit 213. 2 A Okay. 3 Q All right. And I want you to direct 4 your attention, please, to the second email in the 5 chain, which starts on page 1 and then goes on to 6 page 2. 7 A Um-hmm, okay. 8 Q All right. So we've got an email here. 9 It's from Dennis Nations to you. Who's Dennis 10 Nations? 11 A A client I inherited. 12 Q Got it. And what's the date on this email? 13 A January 8, 2019. 14 Q All right. And what does Mr. Nations have 15 to say here? 16 A He's frustrated about performance. 17 Q Yeah. Why don't you read this first 18 paragraph for us, please. 19 A "To be honest, I'm more than a little 20 upset by your very poor performance on my behalf. 21 Long Leaf/Cunningham Financial have managed to lose 22 all but 400 of a trading account that I funded with 23 71,000 a little over a year ago. When Cunningham 24 took over for Long Leaf, I was promised there would</p>

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<p>1 be changes for the better, which has turned out to 2 be more smoke and mirrors. My retirement IRA has 3 depreciated a full 25 percent."</p> <p>4 Q All right. You could probably stop 5 there. Let's turn, if we could, please, to CFTC 6 Exhibit 14.</p> <p>7 MR. FALVEY: Exhibit 14?</p> <p>8 MR. BURDEN: I'm sorry. Exhibit 214.</p> <p>9 MR. FALVEY: Okay.</p> <p>10 A Okay.</p> <p>11 BY MR. BURDEN:</p> <p>12 Q All right. What is CFTC Exhibit 214, 13 please.</p> <p>14 A It looks like an email from David 15 Arquitt saying something about after we close this 16 trade, I'm going to have to stop the new ones, save 17 what I have left. I have not -- no been looking at 18 statements, was trusting you guys. Now I see lost 19 half account.</p> <p>20 Q All right. So who did Mr. Arquitt write 21 this email to?</p> <p>22 A Me.</p> <p>23 Q So what's the date on this email?</p> <p>24 A January 16, 2019.</p>	<p>1 risk when you've got Mr. Arquitt and Mr. Nations in 2 Exhibits 213 and 214 complaining that their accounts 3 are depleted?</p> <p>4 A Those guys started with a very small 5 amount of money. Mr. Nations is -- I inherited 6 with about \$600 I think. David Arquitt, I forget 7 what he started with, but this was -- I was led to 8 believe that there were changes being made with Jim 9 taking over. And I believed in Jim and this was -- 10 that's what I was told to say.</p> <p>11 Q Who told you to say this about the income 12 stream?</p> <p>13 A Tim. It's just something that was -- 14 been carried over.</p> <p>15 Q Yeah. Look at the date on this email, 16 though.</p> <p>17 A Okay.</p> <p>18 Q What's the date on that email?</p> <p>19 A January 28, 2019.</p> <p>20 Q So is that your testimony, that Tim Evans, 21 who had left a year ago, told you to say this and so 22 you're saying it now?</p> <p>23 A Yes.</p> <p>24 Q All right. Let's take a look at</p>
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<p>1 Q All right. So let's look, if we could, 2 please, at CFTC Exhibit 215.</p> <p>3 A Okay.</p> <p>4 Q So what's this email, please.</p> <p>5 A Looks like a confirmation for appointment 6 to Nick.</p> <p>7 Q And who's the appointment with, please.</p> <p>8 A Nick, Nick. I don't know.</p> <p>9 Q No, no, no, sorry. I meant it's with 10 you, right? You sent this appointment confirmation?</p> <p>11 A Yeah, it's going to be with me, right.</p> <p>12 Q All right. So read the first paragraph 13 of this for me, if you would, please.</p> <p>14 A It's a meeting confirmation for that 15 date, how we -- in regards to how people manage 16 their existing downside risk within their current 17 portfolio, mitigate capital losses and add income 18 stream that specialized in nondirectional methods 19 with defined risk. I'm excited to share more with 20 you.</p> <p>21 Q All right. So let me ask you this. 22 You know, how can you write to this guy Nick 23 and tell him you can add an income stream that 24 specializes in nondirectional methods with defined</p>	<p>1 Exhibit 216.</p> <p>2 A Okay.</p> <p>3 Q All right. You know, I've got to jump in 4 and ask. Mr. Hatzigiannis, do you have a conflict 5 waiver with your attorney?</p> <p>6 MR. FALVEY: Yes.</p> <p>7 MR. BURDEN: And that conflict waiver has 8 been executed?</p> <p>9 MR. FALVEY: Not yet.</p> <p>10 BY MR. BURDEN:</p> <p>11 Q All right. Let's turn to CFTC Exhibit 216.</p> <p>12 A Okay.</p> <p>13 Q All right. What's this, please.</p> <p>14 A It looks like a reply to Dennis Nations.</p> <p>15 Q All right. And who wrote the reply?</p> <p>16 A I wrote the reply.</p> <p>17 Q And what's the date on that reply?</p> <p>18 A February 19, 2019.</p> <p>19 Q All right. So what is Mr. Nations 20 complaining about here?</p> <p>21 A I'm not sure. Is it the last email he 22 wrote?</p> <p>23 Q You know, I think if you -- I'll tell 24 you what. Let's sort of do it with baby steps.</p>

<p style="text-align: right;">Page 189</p> <p>1 Turn, if you would, please, to the second page of 2 Exhibit 216. 3 A All right. 4 Q All right. So what does Mr. Nations write 5 to you here? 6 A Something -- you managed to use a full 7 third of my 401(k) in 15 months, complained about 8 losing almost the 71,000, no changes, more excuses, 9 living out my golden years in poverty. 10 Q All right. We can probably stop there. 11 So how did you respond to Mr. Nations? 12 A Basically telling him, you know, I wasn't 13 in charge of his account. I just inherited it at 14 that point and it was a little over 500 bucks he 15 had left over and, yeah. 16 Q All right. So let's turn to CFTC 17 Exhibit 217. 18 A Okay. All right. 19 Q All right. So what's this document, 20 please. 21 A It looks like this individual reviewed 22 Long Leaf and does not want to trade futures, and 23 it looks like they're canceling an appointment. And 24 I replied to it saying we're dealing with options,</p>	<p style="text-align: right;">Page 191</p> <p>1 Q All right. Are you with me? 2 A Yeah. 3 Q All right. So who's Mr. McAllister? 4 A I think he was a client I inherited. 5 Q All right. And what does he have to say 6 here, please. 7 A Hold on. He wants to get his money back. 8 Q I want you to read the email, please. 9 A "Thanks for the meeting today. 10 I think it's time to end my association with 11 Long Leaf. Please close my account. I'm doing 12 far better trading my two \$100,000 accounts myself. 13 I had hoped that your company could have done a 14 better job, but I'm not willing to invest any more 15 money with you." 16 Q Do you know how much money Mr. McAllister 17 lost trading with Long Leaf? 18 A No. 19 Q All right. Could you turn, please, to CFTC 20 Exhibit 219. 21 A Okay. 22 Q All right. So I want you to -- 23 it looks like you're forwarding an email to 24 Mr. Donelson here. But the second email in the</p>
<p style="text-align: right;">Page 190</p> <p>1 using futures as the underlying, explaining why, 2 so on. 3 Q Would you read for me, please, the last 4 sentence in that first paragraph. 5 A "Let me know if you'd like to keep the 6 appointment. I assure you the 15 minutes it takes 7 will be well worth your time." 8 Q No. I mean the other -- the last sentence 9 of the first paragraph, please. 10 A Oh, it could target returns from 11 anywhere between 10 to 15 on the low risk side and 12 higher returns with obviously scaled-up risk well 13 known around the hedge fund industry. 14 Q All right. So at this point whom among 15 your clients has gotten 10 to 15 percent return? 16 A I'm not aware of anybody. 17 Q All right. Would you turn for me, please, 18 to CFTC Exhibit 218. 19 A Okay. 20 Q So -- all right. Sorry. All right. 21 So let's go to the first email, second email in 22 the chain, please, the one from Robert McAllister 23 to you on February 27, 2019. 24 A Um-hmm.</p>	<p style="text-align: right;">Page 192</p> <p>1 chain, who is it from, who is it to, what's the date 2 on it, please. 3 A It looks like it's from Jeff Bechtold 4 to myself. It's on March 18, 2019, him complaining 5 about his account and performance. 6 Q What does he say specifically? Why don't 7 you read it for the record, please. 8 A Started with 10K. It's down to just 9 over 2K. What a total joke this is. How in the 10 world can you lose so much money. My 12-year-old 11 could have done better. 12 Q All right. And the date on that -- sorry 13 if you already said -- is March 18, 2019, right? 14 A Right. 15 Q All right. So who is Mr. Bechtold, please. 16 A That's another account I inherited. 17 Q All right. I want you to turn, if you 18 would, please, to CFTC Exhibit 221. 19 A Okay. 20 Q All right. So this is a new email. 21 It's dated April 4, 2019 and it's from you to who? 22 A It looks like a prospect named Sam. 23 Q All right. So is this an email you sent? 24 A Yes.</p>

<p style="text-align: right;">Page 193</p> <p>1 Q All right. So there's a piece here that 2 says Target. Would you read that for the record, 3 please.</p> <p>4 A Okay. "Investors looking for 5 slightly higher returns than traditional fixed 6 income products with the same risk and taking 7 direction out of the equation. Looking to target 8 6 to 15 percent after fees and commissions 9 annually."</p> <p>10 Q All right. So you're sending this email. 11 Did you write this email?</p> <p>12 A Yeah, I wrote this email.</p> <p>13 Q All right. Was there anybody here 14 who -- at Long Leaf Trading who made 6 to 15 percent 15 on an annualized basis?</p> <p>16 A No, not overall, no.</p> <p>17 Q All right. So let's go down a little bit 18 to where it says Trade Structure.</p> <p>19 A Okay.</p> <p>20 Q Would you read the second paragraph 21 under Trade Structure into the record for us, 22 please.</p> <p>23 A "Using a very common covered trade 24 strategy, we construct option spreads of both</p>	<p style="text-align: right;">Page 195</p> <p>1 collecting premium.</p> <p>2 Q Oh, okay. For whom did that generate 3 profits? What customer got --</p> <p>4 A I'm not sure.</p> <p>5 Q You don't know anybody, do you?</p> <p>6 A No.</p> <p>7 Q All right. Let's do some more of these.</p> <p>8 All right. Would you turn for me, please, to CFTC 9 Exhibit 222.</p> <p>10 A Okay.</p> <p>11 Q All right. So what is this, please.</p> <p>12 A It's a trade summary for Gary Wells.</p> <p>13 Q Who's Gary Wells, please.</p> <p>14 A Another client I inherited.</p> <p>15 Q All right. So this is an email that 16 Mr. Donelson sent you on May 14, 2019, is that 17 right?</p> <p>18 A That's what it looks like.</p> <p>19 Q All right. Do you have any specific memory 20 of this email?</p> <p>21 A A vague, little bit.</p> <p>22 Q All right. So why, you know -- do you 23 have any understanding of why Mr. Donelson sent you 24 this summary for customer Gary Wells?</p>
<p style="text-align: right;">Page 194</p> <p>1 a covered call and a covered put, which creates 2 the futures asset. By buying in-the-money options 3 the resulting trade creates an asset with a known 4 intrinsic value, and by selling out-of-the-money 5 options we generate financing process to create 6 profits."</p> <p>7 Q Now, this isn't true, is it?</p> <p>8 A What do you mean?</p> <p>9 Q Well, did Long Leaf Trading generate 10 profits for its customers?</p> <p>11 A I think he's talking specifically about 12 the out-of-the-money options he's selling.</p> <p>13 Q Well, you wrote this, didn't you?</p> <p>14 A I wrote it, yeah, but it was from 15 Jim's explanation of the gut strangle strategy.</p> <p>16 Q So this last sentence, by selling 17 out-of-the-money options we generate financing 18 process to create profits, for whom did Long Leaf 19 Trading create profits?</p> <p>20 A I think you're taking it out of context.</p> <p>21 Q Why do you think that?</p> <p>22 A Because I think you're saying 23 it's the overall trade. He's talking about the 24 part of the trade which is selling the options and</p>	<p style="text-align: right;">Page 196</p> <p>1 A Yeah. I think he wanted a breakdown of 2 his closed trades.</p> <p>3 Q The customer you mean, Mr. Wells?</p> <p>4 A Yes.</p> <p>5 Q All right. So let's go to the breakdown, 6 which I think is on the second page of the exhibit. 7 Is that what we're looking at?</p> <p>8 A Yeah, that's what I'm looking at, right.</p> <p>9 Q All right. So help me out here. Do 10 you have an understanding of what this indicates? 11 We have columns Trade, Date, Count, Entry, Exit, 12 Profit. What are we looking at here, please.</p> <p>13 A Yeah. We're just looking at closed 14 trades, the dates. I don't remember if it was 15 the entry dates or the exit dates. The count 16 is a contract amount for each trade. The entry 17 is how much it cost to enter the trade. The exit, 18 how much you got out of that trade and with the 19 result, ending result. You've got a section for 20 the quarter section, and the other is probably maybe 21 the opportunistic trades. I don't really remember.</p> <p>22 Q All right. So it looks to me like 23 based on the date column that we've got trades from 24 January of 2019 through May of 2019. Is that what</p>

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<p>1 it looks like to you?</p> <p>2 A Yep.</p> <p>3 Q All right. So how much money does</p> <p>4 this show that Mr. Wells made in 2019 from the</p> <p>5 core trades?</p> <p>6 A It looks like he lost about just under</p> <p>7 2,500.</p> <p>8 Q All right. So what does this show</p> <p>9 Mr. Wells made on the other trades in 2019 through</p> <p>10 May anyway?</p> <p>11 A Looks like he lost just under 200 bucks.</p> <p>12 Q All right. So this indicates what are</p> <p>13 Mr. Wells' total losses for closed trades in 2019?</p> <p>14 A Just a little over 2,500.</p> <p>15 Q All right. So let's scroll down,</p> <p>16 because this is a group exhibit, and there's an</p> <p>17 email in here between you and Mr. Gary Wells dated</p> <p>18 May 15, 2019. So I want you to flip to that and</p> <p>19 tell me when you get there, please.</p> <p>20 A Okay.</p> <p>21 Q All right. So do you remember sending</p> <p>22 this email?</p> <p>23 A Where is his initial email? Is it the</p> <p>24 last one?</p>	Page 199	<p>1 Q What's the rest of the response?</p> <p>2 A Rest of the response is I don't know</p> <p>3 the exact number. I want to see how these trades</p> <p>4 play out and then get to speak after that close.</p> <p>5 Q Did you ever tell Mr. Wells what he</p> <p>6 had lost here? It looks like you did on the next</p> <p>7 email up. Did you subsequently discuss that with</p> <p>8 Mr. Wells?</p> <p>9 A Yeah, I did over the phone.</p> <p>10 Q All right. What did you say to him?</p> <p>11 A I just told him the truth.</p> <p>12 Q How did he respond?</p> <p>13 A I think he closed his account.</p> <p>14 Q So when you tell people the truth, do they</p> <p>15 tend to close their accounts?</p> <p>16 A From the inherited, yeah, inherited</p> <p>17 accounts, yeah.</p> <p>18 Q What about accounts that aren't inherited?</p> <p>19 A No, I didn't have a problem with those</p> <p>20 until the very, very end.</p> <p>21 Q All right. So let's look at CFTC</p> <p>22 Exhibit 223.</p> <p>23 A Okay.</p> <p>24 Q All right. What's this document, please.</p>
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<p>1 Q I mean, it's below it.</p> <p>2 A So I'm replying, saying I would have to see</p> <p>3 the results of the trade to --</p> <p>4 Q Well, you know what, this is a mess.</p> <p>5 Just go all the way down, if you would, please, to</p> <p>6 the first email in the chain.</p> <p>7 A Okay.</p> <p>8 Q All right. So what's going on there,</p> <p>9 please.</p> <p>10 A I think he's trying to get an understanding</p> <p>11 of where his account stands.</p> <p>12 Q And what do you tell him?</p> <p>13 A I said I would have to see the results</p> <p>14 of the trade, hard to estimate it without seeing</p> <p>15 the results. Let them play out and we'll reconvene</p> <p>16 the next time we speak.</p> <p>17 Q All right. So it looks here like</p> <p>18 Mr. Wells is complaining to you that he estimates</p> <p>19 the account is down about 40 percent. That's what</p> <p>20 he's saying, right?</p> <p>21 A Right.</p> <p>22 Q All right. And your response to</p> <p>23 him is let's see how it plays out, is that right?</p> <p>24 A I mean, that's part of the response.</p>	Page 200	<p>1 A Another email to Jim, or maybe I forwarded</p> <p>2 this email from Jeff Bechtold trying to liquidate</p> <p>3 his account.</p> <p>4 Q All right. And it looks like Mr. Bechtold</p> <p>5 is complaining here about his account. What does he</p> <p>6 say to you?</p> <p>7 A You guys almost lost almost all my money.</p> <p>8 That's about it.</p> <p>9 Q All right. And when did he send you that</p> <p>10 email?</p> <p>11 A June 22, 2019.</p> <p>12 Q And did he then close his account shortly</p> <p>13 after that?</p> <p>14 A Looks like it.</p> <p>15 Q All right. Do you know when Mr. Bechtold</p> <p>16 opened his account?</p> <p>17 A Not offhand, no.</p> <p>18 Q All right. Let me ask it a different way.</p> <p>19 Was Mr. Bechtold a customer that you inherited?</p> <p>20 A Yes.</p> <p>21 Q And when did you inherit him?</p> <p>22 A Probably right around this time, actually.</p> <p>23 Q All right. So let's look at CFTC</p> <p>24 Exhibit 224.</p>

<p style="text-align: right;">Page 201</p> <p>1 A Okay.</p> <p>2 Q All right. What is this document, please.</p> <p>3 A An email from Alan Kirsch, does not want</p> <p>4 to take any more trades, him complaining about --</p> <p>5 I don't know. He's going off the wall here.</p> <p>6 Q All right. So the stuff that's in caps,</p> <p>7 what's he say there, please.</p> <p>8 A No more trades. My account has been</p> <p>9 severely depleted thanks to your great strategies.</p> <p>10 Don't tell me that I have not participated in most</p> <p>11 of the trades or that you've been successful in 11</p> <p>12 of the last 13. That's simply bullshit.</p> <p>13 Q Keep going.</p> <p>14 A Those are all caps. Oh, you want the</p> <p>15 non-caps too?</p> <p>16 Q Please, let's move on to those.</p> <p>17 A Okay. Since January 2019 it is down</p> <p>18 more than 50 percent and since August 2018 it is</p> <p>19 down 75 percent. With friends like you, who needs</p> <p>20 enemies, three exclamation marks, Alan Kirsch.</p> <p>21 Q All right. Let's move to CFTC Exhibit 225,</p> <p>22 please.</p> <p>23 A Okay. All right.</p> <p>24 Q So what's this email, please.</p>	<p style="text-align: right;">Page 203</p> <p>1 A Yeah, it looks like it.</p> <p>2 Q So how much money did Mr. Davis make</p> <p>3 on these trades?</p> <p>4 A He lost about \$5,000.</p> <p>5 Q All right. And that's total, right?</p> <p>6 A Right.</p> <p>7 Q Okay. Would you turn, please, to CFTC</p> <p>8 Exhibit 226.</p> <p>9 A Okay.</p> <p>10 Q All right. What's this one, please.</p> <p>11 A Another closed trade report for Anand,</p> <p>12 David Ekland, Norm Clavio.</p> <p>13 Q All right. So what's the date on this</p> <p>14 email?</p> <p>15 A It is July 23, 2019.</p> <p>16 Q All right. Do you remember receiving</p> <p>17 this email?</p> <p>18 A Yes.</p> <p>19 Q Yeah. So why did you get this email,</p> <p>20 please. Why -- you know, what was the purpose of</p> <p>21 it?</p> <p>22 A These individuals wanted to see their</p> <p>23 closed trades.</p> <p>24 Q All right. And were these, all three</p>
<p style="text-align: right;">Page 202</p> <p>1 A Looks like closed trades for Larry Davis.</p> <p>2 Q All right. And who is Larry Davis?</p> <p>3 A He was a client.</p> <p>4 Q Of yours?</p> <p>5 A Yes.</p> <p>6 Q All right. So what's the date on this</p> <p>7 email, please.</p> <p>8 A July 2, 2019.</p> <p>9 Q All right. So do you remember</p> <p>10 getting this email or, you know, talking about it</p> <p>11 with Mr. Donelson or anybody else?</p> <p>12 A Yeah.</p> <p>13 Q All right. So let's look at this</p> <p>14 attachment, Davis completed trades. What's going</p> <p>15 on here, please.</p> <p>16 A That's just completed trades for</p> <p>17 Larry Davis. He wanted to see his completed closed</p> <p>18 trades. I explained it to him over the phone, I</p> <p>19 sent it to him, and I think he paused trading at</p> <p>20 this point.</p> <p>21 Q Got it. So it looks like the</p> <p>22 CFTC Exhibit 225 reflects core closed trades</p> <p>23 for Mr. Davis, and we've got trade dates here from</p> <p>24 April through June. Am I reading that right?</p>	<p style="text-align: right;">Page 204</p> <p>1 of these people customers of yours?</p> <p>2 A Yes.</p> <p>3 Q All right. So let's look first at</p> <p>4 Mr. Ekland's little summary here. What is this</p> <p>5 reflecting?</p> <p>6 A It looks like he lost about \$10,000 here.</p> <p>7 Q So this appears to be all of Long</p> <p>8 Leaf's closed trades from January of 2019 through</p> <p>9 June of 2019, is that -- am I reading that right?</p> <p>10 A Yeah, you're reading that right.</p> <p>11 Q All right. So let's move to the next</p> <p>12 guy, Norm Clavio. He's another customer of yours,</p> <p>13 right?</p> <p>14 A Right.</p> <p>15 Q So he didn't do quite as badly. How much</p> <p>16 money did he make?</p> <p>17 A He lost about \$63 at this time.</p> <p>18 Q All right. So, you know, it looks</p> <p>19 like maybe Norm didn't do all the trades. We see</p> <p>20 trade dates here from March through June. Am I</p> <p>21 reading that right?</p> <p>22 A Yeah. He started -- I think that's when</p> <p>23 he started with us, March.</p> <p>24 Q Yeah, that makes sense. All right.</p>

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1 So let's go to this third person, Anand Venkatesh.	1 you to read the second paragraph for me, please.
2 A Right.	2 A We've had great results as of late.
3 Q All right. So it looks like we've got	3 There's still a lot of volatility discrepancies
4 trades here from March through June of 2019. Am I	4 across various markets right now, which is great
5 reading that right?	5 for us. I see that continuing all the way to
6 A Right.	6 the results of the next presidential election.
7 Q Were these all of Mr. Venkatesh's	7 I suggest we set up a time to speak. I can provide
8 closed trades for 2019?	8 you an update, refresh you on our strategies and
9 A I don't know. I don't think it's all of	9 process and go over your customized trading plan.
10 2019, but from that time period I think.	10 Q All right. So when you say -- did you
11 Q Got it. So it looks like March through	11 write that?
12 June, right?	12 A Yes, I wrote that.
13 A Right.	13 Q So when you say we have had great
14 Q All right. And how much money did	14 results as of late, what on earth are you talking
15 Mr. Venkatesh make during that period?	15 about?
16 A He lost about just under 6,000.	16 A Yeah, I don't know. I wish I could
17 Q So how come he did so much worse than	17 go back in time and tell you, but I know I didn't
18 Norm Clavio, even though they kind of traded in the	18 lie. That's for a fact.
19 same time period?	19 Q It definitely looks like you did.
20 A It looks like -- it looks like Anand took	20 CFTC Exhibit 226 clearly shows all of these
21 other trades than Norm did.	21 customers generating nothing but losses for 2019,
22 Q So it looks like he followed more of	22 and you're telling this guy CJ Patel we have had
23 Long Leaf's recommendations than maybe Norm Clavio	23 great results as of late. How is that not a lie?
24 did, is that fair to say?	24 A Yeah, I don't know. It looks like it,
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1 A Yeah, I think that's fair to say, yeah.	1 but that's not how I operate.
2 Q All right. So these little names	2 Q That's not how you operate?
3 by the trades, Romeo, wheat, corn, alpha, gold,	3 A Right.
4 bravo, do you have any knowledge or understanding	4 Q All right. We've got more of these.
5 of what those mean?	5 Let's look at CFTC Exhibit 229, please.
6 A Yeah, I think there was a lot of	6 MR. FALVEY: 229?
7 bond trades so we went by the phonetic alphabet	7 MR. BURDEN: Yes, please.
8 by calling them --	8 A All right.
9 Q Got it, okay. All right. So let's look	9 Q All right. What's this email, please.
10 at CFTC Exhibit 227.	10 A A closed report.
11 A Okay.	11 Q All right. And Mr. Donelson is sending
12 Q So what's this document, please.	12 this to you, correct?
13 A I think this is a followup email to	13 A Um-hmm.
14 a prospect.	14 Q And what's the date on that?
15 Q Who sent the email?	15 A August 28, 2019.
16 A I sent the email.	16 Q All right. So what does this show, please.
17 Q What's the date on that email?	17 A Looks like a closed report for Ken
18 A July 24, 2019.	18 Newberry.
19 Q All right. So that's the day right	19 Q Who is Ken Newberry, please.
20 after you got that email from Donelson with Ekland,	20 A Another client I inherited.
21 Clavio and Venkatesh's losses, right?	21 Q All right. And what does the closed report
22 A Right.	22 show?
23 Q All right. So what do you say to this	23 A A loss of about 3,400 bucks.
24 prospect here? And I want you to start -- I want	24 Q All right. And that's on all the

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<p>1 closed trades with Long Leaf between January 4th and 2 August 21st of 2019, is that right?</p> <p>3 A Right.</p> <p>4 Q All right. So let's look at CFTC 5 Exhibit 230, please.</p> <p>6 A Okay. All right.</p> <p>7 Q Hang on. I'm looking at the wrong one 8 here. All right. Let's look at CFTC Exhibit 232.</p> <p>9 MR. FALVEY: 232.</p> <p>10 THE WITNESS: All right.</p> <p>11 MR. BURDEN: All right. Who's chuckling 12 over there? I can't see you.</p> <p>13 MR. FALVEY: Oh, that was me. Sorry.</p> <p>14 MR. BURDEN: Who is it?</p> <p>15 MR. FALVEY: It's Jim, sorry.</p> <p>16 MR. BURDEN: What could you possibly 17 be chuckling about? It's okay. It's fine.</p> <p>18 MR. FALVEY: No, it looked like he made 19 money.</p> <p>20 MR. BURDEN: Yeah.</p> <p>21 MR. FALVEY: Yeah.</p> <p>22 MR. BURDEN: For that one brief, brief 23 period.</p> <p>24 MR. FALVEY: Yeah, it's just ironic.</p>	<p>1 of this one. All right. Okay. So let's talk 2 about this Edge strategy thing. So would you turn 3 to CFTC Exhibit 233 for me, please.</p> <p>4 A Yes, okay.</p> <p>5 Q All right. So this is an email that you 6 sent to a prospect, right?</p> <p>7 A Yeah.</p> <p>8 Q What's the date on this one, please.</p> <p>9 A October 18, 2019.</p> <p>10 Q All right. So it says, "Attached is an 11 update of what we have been doing." Did you write 12 that?</p> <p>13 A Yeah.</p> <p>14 Q All right. And below here there's a client 15 testimonial.</p> <p>16 A Right.</p> <p>17 Q Who's that client testimonial from?</p> <p>18 A Pat Campbell.</p> <p>19 Q All right. So did Pat Campbell end 20 up making money or did he end up losing money?</p> <p>21 A I don't know. He was still a client 22 until we shut down the business in December 2019.</p> <p>23 Q Do you know where he was at in December 24 2019?</p>
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<p>1 That's all. 232?</p> <p>2 MR. BURDEN: Please.</p> <p>3 A Okay.</p> <p>4 Q All right. Do you recognize this document?</p> <p>5 A Yes.</p> <p>6 Q What is it, please.</p> <p>7 A It looks like it's an email to 8 Gary Osborn. Now this is coming back to me, 9 all this. The Edge strategy was the new strategy 10 we implemented for the big account sizes for Pat 11 Campbell and the other guys, and that's what I was 12 referring to then when we were saying we have seen 13 good results. It was the big accounts with the new 14 Edge strategy.</p> <p>15 Q All right. Well, we can come back 16 to that. All right. So this is an email between 17 you and Gary Osborn, correct?</p> <p>18 A Right.</p> <p>19 Q All right. And what's the date on that, 20 please.</p> <p>21 A October 8, 2019.</p> <p>22 Q All right. And you're responding 23 to some -- wait. Are you? All right. I screwed 24 this one up. Never mind. I'll spare you the misery</p>	<p>1 A I don't -- I don't know.</p> <p>2 Q All right. So there's an attachment here.</p> <p>3 What's this attachment, please.</p> <p>4 A Looks like -- I'm not sure.</p> <p>5 Q All right. Yeah, I don't know either.</p> <p>6 I mean, do you have any recollection of what this 7 Long Leaf update was supposed to be that you sent 8 to this prospect?</p> <p>9 A I think it was one of the big 10 accounts. It was utilizing the Edge strategy.</p> <p>11 We had a couple clients in the Edge strategy and 12 we were trying to roll over all our clients into 13 that, and I was just showing him the performance 14 with the Edge trades that this individual was taking 15 with just one contract.</p> <p>16 Q All right. And so this is just Pat 17 Campbell's account, right?</p> <p>18 A Yeah, and then there was another 19 individual. Forgot his name.</p> <p>20 Q So it sounds like there's two people 21 who participated in this Edge strategy, is that 22 right?</p> <p>23 A Right.</p> <p>24 Q Now, is this Mr. Campbell's entire account</p>

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1 or just the Edge trades?	1 else at Long Leaf Trading, you know, tell you that
2 A This is not even anybody's account,	2 Long Leaf had been subpoenaed by the CFTC?
3 I don't think. It's just an example if somebody	3 A No.
4 took -- won the contract, but Pat Campbell was	4 Q Did Donelson or anybody at Long Leaf tell
5 actually taking five to eight contracts so closed	5 you that Mr. Donelson produced all of your calls and
6 trades was even higher.	6 emails to the CFTC?
7 Q So this performance that you were sending	7 A No.
8 to this prospect, this is not a real account,	8 Q So is that news to you or did you sort
9 correct?	9 of find out about it later?
10 A It is a real account, but it's just one	10 A No, it's news to me. I just found out
11 contract.	11 today, to be honest.
12 Q Whose account is it?	12 Q From me?
13 A F4155. You could look it up, but I'm not	13 A Yeah, from this whole -- all these
14 sure.	14 exhibits.
15 Q Who is that person?	15 Q Okay. So your testimony is that
16 A I don't know. I can't tell you.	16 Mr. Donelson didn't tell you --
17 Q I thought you said there were two people	17 A Correct.
18 that did these trades, Campbell and another guy.	18 Q -- that he produced all of your emails
19 A Okay. So you want me just to pick one	19 and recorded phone calls to the CFTC in June of
20 of them?	20 2019? He didn't tell you that?
21 Q No, I want you to tell me if you know	21 A No, he didn't.
22 or not.	22 Q All right. Well, you understand
23 A I told you I don't. How many times do you	23 that Long Leaf Trading and Donelson were subject
24 want me to tell you?	24 to, for lack of a better word, investigation by NFA.
Page 214	Page 216
1 Q Well, I've got it now. All right.	1 Is that something you now know and understand?
2 So this \$6,000 gain that you sent in this Long Leaf	2 A Yeah.
3 update to your prospect in October of 2019, was this	3 Q And as we talked about, you know,
4 representative of Long Leaf customers overall?	4 you unfortunately got on the wrong side of that
5 A No, this was for the Edge clients.	5 too. You know, at what point did you find out that
6 Q Got it. And, in fact, by October	6 NFA were investigating Long Leaf Trading sales
7 of 2019 substantially all of Long Leaf Trading's	7 practices?
8 customers were way down, is that fair to say?	8 A I think I remember an instance where
9 A Yeah, it's fair to say.	9 one of our associates, my associate Nick Gunther,
10 Q All right. So I'm going to switch	10 the NFA came in about his presentation to somebody
11 gears and spare you the misery of more emails.	11 that went undercover from the NFA pretending he was
12 You know, you know that Long Leaf Trading and Jim	12 a prospect. I didn't think anything of it, and then
13 Donelson are defendants in our Enforcement action	13 I didn't hear anything about it until I got that
14 here in the Northern District of Illinois and that's	14 complaint end of February of 2020.
15 why you're here, right?	15 Q So did you know that NFA had served
16 A Okay.	16 Mr. Donelson with a complaint for fraudulent sales
17 Q Do you understand that?	17 practices by his APs in I believe December 2018?
18 A Yes.	18 Were you made aware of that?
19 Q Okay. You know, when did you find out	19 A No, I was not made aware of anything.
20 that the CFTC was investigating Long Leaf Trading?	20 Q How do you feel about that?
21 A This was all news to me until the	21 A I don't like that, to be honest.
22 subpoena -- I mean, from the subpoena. It's the	22 Q Yeah, I wouldn't either. So you said
23 first time I heard about it.	23 Mr. Donelson's paying for your lawyer here today?
24 Q Okay. Did Mr. Donelson or anybody	24 A Right.

<p style="text-align: right;">Page 217</p> <p>1 Q Did Mr. Donelson -- have you had any 2 communications with Mr. Donelson since December 3 of 2019?</p> <p>4 A Yes.</p> <p>5 Q All right. So let's talk about it. 6 What did you guys talk about? I'll tell you what. 7 Let me ask it a different and less difficult way. 8 Did you and Mr. Donelson discuss the CFTC's 9 Enforcement action against him or Long Leaf Trading?</p> <p>10 A Never, no.</p> <p>11 Q So if you talked to him or I guess 12 emailed or texted, what did you guys communicate 13 about?</p> <p>14 A Communicated about that NFA complaint, also 15 communicated about him helping me trying to gain 16 other employment. What else. We're in the middle 17 of a CFTC proceeding involving Patrick Campbell. 18 I think that's about it.</p> <p>19 Q All right. Well, what did Mr. Donelson 20 offer to do for you in terms of future employment?</p> <p>21 A He tried sending me -- I mean, he didn't 22 really help me out with anything, to be honest.</p> <p>23 Q (Inaudible).</p> <p>24 A Walsh Trading was one of them.</p>	<p style="text-align: right;">Page 219</p> <p>1 A Right. 2 Q Okay. Did Mr. Donelson make any other 3 payments to you or on your behalf?</p> <p>4 A No. 5 Q Has he offered to? 6 A Nope. 7 Q Did Mr. Donelson ever intimate to you, 8 you know, that -- what you ought to say if we asked 9 you questions?</p> <p>10 A What I ought to say if you asked me 11 questions?</p> <p>12 Q Yeah. 13 A No. 14 Q It happens. It's the real world. 15 All right. Did Mr. Donelson tell you that just 16 in late December he finished producing the rest of 17 your recorded calls with customers as well as the 18 other APs? Is that news to you?</p> <p>19 A This is news to me from today. Like today 20 is when I first heard of it.</p> <p>21 Q Yeah, we got most of them in 2018 I think. 22 Maybe it was 2019. We got the rest a couple weeks 23 ago. Have you ever met in person with Mr. Donelson 24 after December of 2019?</p>
<p style="text-align: right;">Page 218</p> <p>1 Q What did he do -- we've got to take 2 it bit by bit, please. What did Mr. Donelson do 3 for you at Walsh Trading?</p> <p>4 A He told the owner I'd be -- entertain a 5 phone call, but that didn't -- I didn't go through 6 with that, and that's about it.</p> <p>7 Q Why not?</p> <p>8 A I wasn't interested in going back in the 9 futures market.</p> <p>10 Q What else did Mr. Donelson do or offer to 11 do to help you get employment?</p> <p>12 A That's it.</p> <p>13 Q All right. Did Mr. Donelson otherwise 14 offer to help you?</p> <p>15 A What do you mean?</p> <p>16 Q In any respect. Did Mr. Donelson 17 offer to help you with, you know, with employment, 18 getting a job after the implosion of Long Leaf?</p> <p>19 A No. He just helped me with the NFA case, 20 paid for that lawyer and that's about it.</p> <p>21 Q All right. So Mr. Donelson paid for your 22 lawyer in the NFA case?</p> <p>23 A Correct.</p> <p>24 Q And that was Mr. Iavarone?</p>	<p style="text-align: right;">Page 220</p> <p>1 A No. 2 Q Do you consider Mr. Donelson a friend? 3 A Close friend. Not a close friend, 4 but he's definitely my mentor. I think he's one of 5 the most honest persons I know and one of the nicest 6 persons -- person I've ever met.</p> <p>7 Q So you consider Mr. Donelson a mentor?</p> <p>8 A Yes.</p> <p>9 Q In what respect?</p> <p>10 A I think he's the most intelligent person 11 I've ever met.</p> <p>12 Q You know, I think we talked about 13 how Long Leaf Trading imploded in December of 2019 14 and you found yourself out of a job, right?</p> <p>15 A Right.</p> <p>16 Q So, I mean, that's horrible. Did it come 17 as a surprise to you?</p> <p>18 A Not really. The last month --</p> <p>19 Q Why?</p> <p>20 A I mean, the last month I saw the net 21 liquidation value going down a lot for customers. 22 That's why it didn't come as a surprise to me when 23 he told us, but it was still obviously a surprise, 24 as you can imagine.</p>

<p style="text-align: right;">Page 221</p> <p>1 Q Yeah, yeah. So what did Mr. Donelson tell 2 you about why the firm was closing? 3 A He didn't tell us anything about it. 4 He just said he has to close shop. I think it was 5 something with Cunningham. I think that's all I 6 knew. He didn't tell -- he didn't share anything 7 with me or us. Just said he had to close shop. 8 Q Did you ask him why? 9 A I did not ask him why. I just assumed 10 it was from the positions and poor risk management. 11 And, yeah, I just -- that's about it. 12 MR. BURDEN: All right. Look, I'll 13 tell you what. You guys just turned off for 14 a second. Oh, there, you're back on. All 15 right. I'm going to go off the record for a 16 couple minutes to confer with my colleagues. 17 MR. FALVEY: Okay. 18 MR. BURDEN: I might be done here. So 19 could we take 15? And then, Jim, if you'd like 20 redirect, of course I'll stay as long as you 21 want. 22 MR. FALVEY: Okay, thanks. 23 MR. BURDEN: All right. Off the record. 24</p>	<p style="text-align: right;">Page 223</p> <p>1 you used? 2 A Yeah, Tim wrote the custom. I think 3 Jeremy wrote the demo. I think both of them worked 4 together on it. 5 Q Okay. Did you ever get a script that 6 was titled rebuttal script? Did you ever see that 7 one? 8 A A rebuttal script? 9 Q Yeah. 10 A Yeah, there was some rebuttals. There 11 were certain rebuttals, yeah. There were some 12 scripts for that. 13 Q And in this script was there 14 a rebuttal to when a customer asked for a track 15 record of performance? 16 A I don't recall. I think there was. 17 I think but I don't know. 18 Q All right. Do you remember what that 19 rebuttal said? 20 A No. 21 Q Do you ever recall Mr. Ruth expressing 22 concern about Long Leaf's performance -- 23 A No. 24 Q -- saying it was -- okay. Sorry, I jumped</p>
<p style="text-align: right;">Page 222</p> <p>1 (Whereupon a recess was taken from 2 4:25 p.m., to 4:42 p.m., after which 3 the following proceedings were had:) 4 MR. BURDEN: Back on the record, please. 5 All right. I do have a couple extra ones. All 6 right. Back on the record. 7 Q All right. Mr. Hatzigiannis, how long did 8 you overlap with Mr. Ruth at Long Leaf? 9 A I forget when he left, but I was -- 10 he was there when I started, which was, you know, 11 August-September 2016. I forget. No idea when he 12 left. I forget. 13 Q All right. Did you guys work together 14 sort of often? 15 A For a period of time, yeah. 16 Q All right. What role did Mr. Ruth have in 17 drafting scripts that you used at Long Leaf? 18 A To my knowledge, he was the main guy with 19 writing the scripts. 20 Q What's your basis for saying that? 21 A That was what I was told by other 22 associates and Tim told me that. 23 Q So Mr. Evans and other associates 24 told you that Mr. Ruth drafted the scripts that</p>	<p style="text-align: right;">Page 224</p> <p>1 in. What were you going to say? 2 A I just said no. I'm sorry. 3 Q All right. Have you spoken with Mr. Ruth 4 since he left Long Leaf in August of 2017? 5 A No. 6 Q And by spoken, I mean like emailed or 7 texted or anything really. 8 A Nothing at all. 9 Q Did Mr. Ruth ever tell you that he 10 had written the scripts for Long Leaf Trading? 11 A Yes. 12 Q When did he tell you that? 13 A I don't remember. 14 Q Did he tell you that in person or in 15 writing? 16 A In person. 17 Q Did Ruth ever complain to you about Long 18 Leaf's customers not doing well? 19 A No, he didn't. 20 Q Did he ever share with you bad trades that 21 he had tabulated showing losses? 22 A Nope. 23 Q All right. So I want to talk about 24 a couple of exhibits we looked at, and if you need</p>

<p style="text-align: right;">Page 225</p> <p>1 to go back to them, go back to them. And if you 2 can remember them, we can just talk about them. 3 So I'm going to talk about these track records that 4 you sent to customers or prospective customers, 5 Exhibits 200 and 201. And, you know, why don't you 6 just quickly click back to them, if you could, 7 please, so we're talking about the --</p> <p>8 MR. FALVEY: Yes. We have the paper, 9 so we'll just have to find it. We already 10 talked about it, Ashley?</p> <p>11 THE WITNESS: 200 and 201?</p> <p>12 MR. FALVEY: Yeah, you may have it in 13 your stack there.</p> <p>14 THE WITNESS: No, that's not it.</p> <p>15 MR. FALVEY: No?</p> <p>16 THE WITNESS: Nope.</p> <p>17 MR. FALVEY: Here's 200 and 201.</p> <p>18 MR. BURDEN: If you don't want to 19 go through the paper copies -- I've got all 20 night -- but if you have them in that PDF, you 21 can just click on the tabs on the side and 22 scroll down.</p> <p>23 MR. FALVEY: Right. No, we found them.</p> <p>24 MR. BURDEN: You've got them?</p>	<p style="text-align: right;">Page 227</p> <p>1 person the June to September trades? 2 A Yeah. It was that new strategy we were 3 trying to roll over all the clients into, the Edge 4 strategy. And I don't -- I don't recall whose idea 5 it was, but we wanted to show them the Edge strategy 6 because that's where we were putting all our new 7 clients in from then on.</p> <p>8 Q Got it. And I think your testimony 9 before was that only two clients did that strategy, 10 is that right?</p> <p>11 A Right. I think a little more -- 12 I think we had a couple others exposed to it towards 13 the end, but I don't know for sure.</p> <p>14 Q All right. So did Mr. Donelson 15 ever weigh in on, you know, whether it was okay 16 or not to just show this particular time frame or 17 this particular strategy, as the case may be?</p> <p>18 A I don't remember.</p> <p>19 Q Was it your idea to just focus on these 20 profitable trades?</p> <p>21 A I don't remember.</p> <p>22 Q The track records you sent in 23 Exhibit 200 and Exhibit 201, you know, did you 24 send these to prospective customers, you know, only</p>
<p style="text-align: right;">Page 226</p> <p>1 MR. FALVEY: Yeah, good to go.</p> <p>2 BY MR. BURDEN:</p> <p>3 Q So Exhibits 200 and 201, was it your 4 idea to send these track records or updates to 5 prospective customers?</p> <p>6 A It was my idea and another associate's 7 as well.</p> <p>8 Q All right. And did you tell Mr. Donelson 9 that you wanted to do this?</p> <p>10 A Yeah, we ran it by him.</p> <p>11 Q What did he say?</p> <p>12 A He said it's all right to do it, 13 just make sure it's one contract and then put that 14 disclaimer on there.</p> <p>15 Q So was it your idea to send them just 16 the small percentage of trades that are reflected 17 there rather than, say, a broader time frame? I'll 18 tell you what. Let's make this easy. So 19 Exhibit 200, right?</p> <p>20 A Okay, yeah.</p> <p>21 Q Shows a handful of trades between June 22 and September, right?</p> <p>23 A Right.</p> <p>24 Q So whose idea was it to just show this</p>	<p style="text-align: right;">Page 228</p> <p>1 if they asked or like did you kind of start doing 2 it routinely?</p> <p>3 A I did it when they asked.</p> <p>4 Q So if a customer asked you for 5 a track record, you would send them something 6 along the lines that we saw in Exhibit 200 and 7 Exhibit 201?</p> <p>8 A Not exactly. It was more of an excuse 9 of a followup and showing them, you know, our new 10 strategy we've implemented because that's what we 11 were talking about towards the end here, by the end 12 of 2019, and that's where we were trying to roll all 13 our clients into that strategy. So that's the 14 reason I was sending that.</p> <p>15 Q Yeah. But, you know, you can see that, 16 you know, these track records you sent, they show 17 winning trades, right?</p> <p>18 A Yeah. I mean, the majority of them 19 are the Edge trades. That's what we started doing 20 at the end.</p> <p>21 Q Yeah. But this thing you're sending 22 to customers in 200 and 201, this track record, 23 it shows people making a profit, right?</p> <p>24 A It shows the clients doing the Edge trades</p>

<p>1 making a profit, yeah.</p> <p>2 Q All right. Now, other trades didn't make</p> <p>3 a profit, right?</p> <p>4 A I don't remember the core trades.</p> <p>5 I don't even know if we put the core trades on in</p> <p>6 this -- from that time period on, from June --</p> <p>7 Q So, you know, you show these customers</p> <p>8 in Exhibits 200 and 201 a track record that reflects</p> <p>9 profitable trading, you know, but you left out</p> <p>10 the many, many, many, many trades that weren't</p> <p>11 profitable. And what I want to know is why did you</p> <p>12 do that?</p> <p>13 A Yeah. Like I said, we were trying</p> <p>14 to get everybody into the Edge trades and we were</p> <p>15 going to scrap the core trades out and just roll out</p> <p>16 the Edge trades. That's why I did that.</p> <p>17 Q Was that your idea to do?</p> <p>18 A I think it was a collective idea.</p> <p>19 Q What does that mean?</p> <p>20 A That means that we talked about it,</p> <p>21 collaborated. I don't know who initially first</p> <p>22 came up with it. I don't remember, but the people</p> <p>23 that were left at that time, it's what we decided to</p> <p>24 do.</p>	<p>Page 229</p> <p>1 Q All right. So he didn't show you anything</p> <p>2 like that?</p> <p>3 A No. I think he didn't -- I'm pretty</p> <p>4 sure he didn't start doing this until January of</p> <p>5 2019, but I'm not entirely sure.</p> <p>6 Q All right. So Mr. Donelson would</p> <p>7 generate these sort of closed trade summaries if</p> <p>8 you asked him to for some reason, is that correct?</p> <p>9 A Yeah, exactly.</p> <p>10 Q All right. So you talked about</p> <p>11 your faith and your confidence in Mr. Donelson.</p> <p>12 Do you know what Mr. Donelson did before he started</p> <p>13 Long Leaf Trading -- or I should say bought Long</p> <p>14 Leaf Trading?</p> <p>15 A To my knowledge, he was a -- worked</p> <p>16 at R.R. Donnelley, he was a global controller at</p> <p>17 Getco and he was -- I think for a little bit he was</p> <p>18 a CFO of the United Methodist Church pension fund.</p> <p>19 I'm not sure what else he did.</p> <p>20 Q Okay. So what does R.R. Donnelley do?</p> <p>21 A I'm actually not entirely sure.</p> <p>22 Q Do you think it's a trading firm?</p> <p>23 A It doesn't sound like one.</p> <p>24 Q Yeah. Do you know what Mr. Donelson</p>
<p>Page 230</p> <p>1 Q Did you talk about this with Mr. Donelson?</p> <p>2 A Yes.</p> <p>3 Q Did Mr. Donelson understand that</p> <p>4 you were showing customers only the track record</p> <p>5 of profitable trades?</p> <p>6 A Only the Edge trades, not -- I mean,</p> <p>7 I was just showing them the Edge trades from there</p> <p>8 and --</p> <p>9 Q No, I get it. Did you tell Mr. Donelson</p> <p>10 you were doing that? Did he know you were doing</p> <p>11 that?</p> <p>12 A I believe so.</p> <p>13 Q Why do you think that?</p> <p>14 A Because he was making that document.</p> <p>15 We were not making that document.</p> <p>16 Q You know what, I didn't think of</p> <p>17 that. Of course. So I want to talk a little bit</p> <p>18 about the document you're referring to, the track</p> <p>19 record that we see appended to Exhibits 200 and 201.</p> <p>20 So is there -- you know, this is a great-looking</p> <p>21 spreadsheet. Do you know if Mr. Donelson tracked</p> <p>22 to the performance of all of Long Leaf's trades in</p> <p>23 this manner?</p> <p>24 A I do not know that, no.</p>	<p>Page 231</p> <p>1 did for R.R. Donnelley?</p> <p>2 A I would say it was something in accounting</p> <p>3 maybe.</p> <p>4 Q Do you know what his job title was?</p> <p>5 A I don't remember, no.</p> <p>6 Q All right. So it sounds like</p> <p>7 you understood that Mr. Donelson worked for R.R.</p> <p>8 Donnelley in an accounting capacity, is that right?</p> <p>9 A Yeah. I'm just guessing that, though.</p> <p>10 Q What's that guess based on?</p> <p>11 A I'm sorry?</p> <p>12 Q What's that guess based on?</p> <p>13 A He's a CPA and he was a global controller.</p> <p>14 Q Yeah, so that's where I'm going with this.</p> <p>15 What's a CPA?</p> <p>16 A Certified public accountant.</p> <p>17 Q There you go. So do you understand that</p> <p>18 Mr. Donelson, did you believe that he did options</p> <p>19 or futures trading for R.R. Donnelley?</p> <p>20 A No.</p> <p>21 Q No. He was their accountant, right?</p> <p>22 A Yeah.</p> <p>23 Q All right. So you understood that</p> <p>24 Mr. Donelson worked at Getco, right?</p>

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<p>1 A Right.</p> <p>2 Q What's Getco do?</p> <p>3 A High-frequency firm.</p> <p>4 Q There you go. So what did Mr. Donelson do for Getco?</p> <p>5 A I think he was in charge of opening different businesses internationally for them.</p> <p>8 Q All right. Why do you think that?</p> <p>9 A Just based on the stories he told me.</p> <p>10 Q All right. Did Mr. Donelson ever tell you any stories about trading for Getco?</p> <p>11 Did he ever tell you he was one of their traders?</p> <p>13 A No.</p> <p>14 Q All right. In fact, Mr. Donelson made it clear to you that he was the global controller of Getco, right?</p> <p>17 A Right.</p> <p>18 Q What's a controller do?</p> <p>19 A It's got to be something with accounting.</p> <p>20 Q There you go. All right. So I guess what I want to know is, you know, when I've pressed you on things during the course of the examination, one of your refrains has been that you had faith or confidence in Mr. Donelson either to tell you the</p>	Page 235	<p>1 Q Yeah. And, in fact, October through December of 2019 were some of Long Leaf Trading's worst months, isn't that right?</p> <p>4 A Yeah, it sounds like it.</p> <p>5 Q Well, they were some of Long Leaf Trading's worst months per customer, more accurately. Would you agree with that statement?</p> <p>8 A Yeah. I mean, he had to shut down the firm so, yeah, I believe that.</p> <p>10 Q But during that period would it be fair to say that Long Leaf did pretty good for commissions?</p> <p>13 A I would assume they did, yeah.</p> <p>14 Q Why do you think that they did?</p> <p>15 A Why do I think they did?</p> <p>16 Q Yeah. What's your basis for that belief?</p> <p>17 A I mean, there was an individual with a pretty large account size there. I think it was about 500,000. And if you just do the math from the commissions, that's just one customer. You can do the rest.</p> <p>22 Q Okay, so that makes sense. But also you got paid, right?</p> <p>24 A I got paid, yeah.</p>
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<p>1 truth or to come up with trades. And I guess I want to know where this confidence comes from because it doesn't seem like he has, or you believe that he had, any trading experience at all.</p> <p>5 A Yeah. I mean, he's got his master's in economics and the way he handled himself and the way he talked about trades, the stuff he knows and the different option strategies he knew, it just, you know -- I was led to believe that he was turning the company for the better, and that's why I stayed there.</p> <p>12 Q He sounds like a very confidence-inspiring guy, is that fair to say?</p> <p>14 A Sure, yeah. Very intelligent as well, yeah.</p> <p>16 Q All right. You talked about Mr. Donelson turning the company around. Did he ultimately do that?</p> <p>19 A He had a small time frame. I think he could have, but I think he needed more time.</p> <p>21 Q Yeah. So Mr. Donelson didn't turn the company around, did he?</p> <p>23 A I mean, it's tough to do that in a year or two but, yeah, he didn't.</p>	Page 236	<p>1 Q Yeah. So, you know, your paycheck in October and November, what was that like?</p> <p>3 A I don't remember.</p> <p>4 Q I'm sorry?</p> <p>5 A I don't remember.</p> <p>6 Q Was it any less than it had been throughout the year?</p> <p>8 A Yeah.</p> <p>9 Q By how much?</p> <p>10 A I don't remember exact, but it was maybe -- I don't remember exact.</p> <p>12 Q Okay. So the reason I'm asking is because according to our records, Long Leaf generated commissions -- and to be fair, this includes FCM commission -- in October, November and December totaling \$121,000. So that's not less than they usually generate. So do you have any, you know, any understanding of why your paychecks should have been less during those months?</p> <p>20 A I don't know why it was less then if that's the case, but it was.</p> <p>22 Q Okay. All right. So you had a sense and you knew and understood in October, in November, in December that customers were losing a lot of money,</p>
[1/13/2021 9:25 AM] Hatzigiannis, James 2021-01-13		

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<p>1 is that fair to say?</p> <p>2 A I first noticed in November, sure.</p> <p>3 Q Yeah. November was, I think you'll agree,</p> <p>4 a pretty disastrous month for customers. Is that</p> <p>5 fair to say?</p> <p>6 A Yeah, probably the worst month.</p> <p>7 Q Yeah. I mean, it was, it was. So</p> <p>8 according to our records, customers in November</p> <p>9 lost \$470,808.10. So did you continue soliciting</p> <p>10 customers during November and December to sign up</p> <p>11 for accounts at Long Leaf?</p> <p>12 A I actually stopped.</p> <p>13 Q When did you stop?</p> <p>14 A Around that time period.</p> <p>15 Q So, I mean, did you tell Mr. Donelson,</p> <p>16 hey, I'm not doing this anymore?</p> <p>17 A No.</p> <p>18 Q I mean, how did you manage to stop?</p> <p>19 A I actually didn't try to solicit</p> <p>20 anybody because I didn't have any confidence in</p> <p>21 the trading and I just tried to handle my clients.</p> <p>22 And I didn't tell him straightforward, but he</p> <p>23 definitely knew that I wasn't making as many calls</p> <p>24 as typical.</p>	Page 238	<p>1 of 2019 or even December, is that right?</p> <p>2 A I'm not sure. You're going to have to</p> <p>3 look into it.</p> <p>4 Q Oh, I will. Is John Haedrich one of your</p> <p>5 customers?</p> <p>6 A No.</p> <p>7 Q How about John Lattner?</p> <p>8 A Nope.</p> <p>9 Q John Langan?</p> <p>10 A Yeah, that's one.</p> <p>11 Q All right. So it looks like he opened</p> <p>12 his account in November of 2019. Do you remember</p> <p>13 when you solicited him?</p> <p>14 A Yeah, it was a long one. Maybe --</p> <p>15 that could have been a year ago, to be honest.</p> <p>16 Q Yeah. So did you stop him from opening</p> <p>17 that account in November of 2019?</p> <p>18 A I did not stop him, no.</p> <p>19 Q No. In fact, it looks like he was</p> <p>20 in for a month and lost \$962.26. All right. I'm</p> <p>21 going to stop there. All right. So, you know,</p> <p>22 another thing that I've kind of observed -- and you</p> <p>23 can, you know, take issue with this because it's</p> <p>24 probably not a proper question -- but, you know,</p>	Page 240
<p>1 Q So your testimony is -- well,</p> <p>2 it sounds like you maybe made some calls. Your</p> <p>3 testimony is you didn't call any new clients from</p> <p>4 November 2019 onwards?</p> <p>5 A I mean, I'm sure I made a couple calls,</p> <p>6 but it definitely was not a legit solicitation</p> <p>7 compared to what I was typically doing just to show</p> <p>8 I was working.</p> <p>9 Q So did you send emails to any customers to</p> <p>10 set up appointments or otherwise get them involved</p> <p>11 with Long Leaf from November '19 forward?</p> <p>12 A I'm sure I did.</p> <p>13 Q All right. Now, rather than looking</p> <p>14 at my spreadsheet, I'm going to ask you did you</p> <p>15 open any new customer accounts for Long Leaf after</p> <p>16 November 1st of 2019?</p> <p>17 A I'm not sure. The thing is it takes</p> <p>18 a long time for someone to open an account. So</p> <p>19 I probably started that solicitation, if they were</p> <p>20 to open an account, back in two months ago or three</p> <p>21 months ago and they finally opened it. They just</p> <p>22 don't open an account right away.</p> <p>23 Q Got it. Well, so it sounds like maybe</p> <p>24 some clients of yours opened up accounts in November</p>	Page 237 - 240	<p>1 we've seen throughout the course of the examination,</p> <p>2 you know, emails and other -- you know, we've heard</p> <p>3 at least one phone call, though we have many, many</p> <p>4 more, you know, and it kind of suggests that, you</p> <p>5 know, this is a foolproof method. It doesn't ever</p> <p>6 use that word, you know. It sort of suggests that</p> <p>7 this is a methodology of trading and there's a</p> <p>8 strategy that's going to work, and I'm not going</p> <p>9 to ask you to sign on to that characterization</p> <p>10 because it's just asking too much of a witness.</p> <p>11 But what I will ask you is, you know, do you have</p> <p>12 any understanding of how things went so wrong with</p> <p>13 Long Leaf Trading's trading for customers?</p> <p>14 A Well, I know it's just poor risk management</p> <p>15 is what I've gotten -- gathered.</p> <p>16 Q So what -- and I'm not disagreeing</p> <p>17 with you in any way. What's your basis for saying</p> <p>18 that?</p> <p>19 A I mean, if you look at the track record</p> <p>20 for those reports, you could see that he has a good</p> <p>21 success rate, but there's always that big loss that</p> <p>22 deters the performance.</p> <p>23 MR. FALVEY: "He" is?</p> <p>24 THE WITNESS: Jim.</p>	Pages 237 - 240

<p>1 BY MR. BURDEN:</p> <p>2 Q Do you have any idea or any theories 3 about why that is? Because what you're saying 4 really is pretty consistent I think -- well, I won't 5 say it's consistent with what we've seen because 6 what we see are just consistent losses with the 7 exception of a few months here and there. But, you 8 know, it sounds like your belief and understanding 9 is there were trades that made money, but then like 10 big ones would come and kind of wipe out the gains. 11 That's your understanding of how things went, right?</p> <p>12 A Exactly.</p> <p>13 Q So like do you have any knowledge or 14 understanding, you know, with a Series 3, as a guy 15 that went to college like -- and studied business 16 like why that was? Like why did it shake out that 17 way?</p> <p>18 A I don't know why it was happening 19 like that, specifically with Jim. He would just 20 be very calm and -- I don't know. I really don't 21 know. I don't know why it was like that.</p> <p>22 MR. BURDEN: Okay. Well, I'll tell 23 you what. That will do it for me. Mr. Falvey, 24 any direct, or I guess redirect?</p>	<p>Page 241</p> <p>1 A Nope.</p> <p>2 MR. BURDEN: All right. And with that 3 we're off the record.</p> <p>4 (WITNESS EXCUSED)</p> <p>5</p> <p>6</p> <p>7</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>
<p>1 MR. FALVEY: No. I think I'm going to 2 pass, Ashley, but thank you.</p> <p>3 MR. BURDEN: All right. Mr. May, any 4 questions for the witness?</p> <p>5 MR. MAY: I'm just unmuting myself. No, 6 Ashley, I have no questions for the witness.</p> <p>7 MR. BURDEN: All right. I ran you 8 all ragged and it's only 5:11. All right. 9 Mary, off the record, please.</p> <p>10 (Discussion off the record.)</p> <p>11 MR. BURDEN: You know, can we go back 12 on for just one second. I forgot something 13 really important. I tell you, I've been taking 14 nothing about investigative testimony and I've 15 like forgotten how to do depositions.</p> <p>16 Q Mr. Hatzigiannis, is there anything 17 that you would like to add to with respect your 18 testimony or clarify?</p> <p>19 A Yeah. Just on behalf of the Donelson 20 family, one of the nicest people I ever met, the 21 whole thing. But it is what it is and that's it.</p> <p>22 Q Anything else?</p> <p>23 A No.</p> <p>24 Q Anything you want to correct?</p>	<p>Page 242</p> <p>1 IN THE UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF ILLINOIS EASTERN DIVISION 3 COMMODITY FUTURES TRADING) COMMISSION,) 4 Plaintiff,) 5 vs.) No. 20 C 3578 6) 7 LONG LEAF TRADING GROUP,) INC., et al.,) 8 Defendants.) 9 10 I, JAMES HATZIGIANNIS, do hereby certify 11 that I have read the foregoing transcript of my deposition given on January 13, 2021, consisting of 12 pages 1 to 246, inclusive, and I do again subscribe and make oath that the same is a true, correct and 13 complete transcript of my deposition so given as aforesaid, and includes changes, if any, so made by me. 14 15 Corrections have been submitted 16 No corrections have been submitted 17 18 JAMES HATZIGIANNIS, Deponent 19 Subscribed and sworn to 20 before me this day of , 20 21 Notary Public 22 23 24</p> <p>Page 244</p>

Page 245

1 NORTHERN DISTRICT OF ILLINOIS)
 2 EASTERN DIVISION)
 2 STATE OF ILLINOIS)
) SS.
 3 COUNTY OF COOK)
 4

5 I, Mary Maslowski, Certified Shorthand
 6 Reporter and Notary Public in and for the County
 7 of Cook, State of Illinois, do hereby certify that
 8 on January 13, 2021, at 9:25 a.m., the remote video
 9 deposition of the witness, JAMES HATZIGIANNIS,
 10 called by the Plaintiff, was taken before me,
 11 reported stenographically and was thereafter
 12 transcribed by me.

13 The said witness, JAMES HATZIGIANNIS, was
 14 first duly sworn to tell the truth, the whole truth,
 15 and nothing but the truth, and was then examined
 16 upon oral interrogatories.

17 I further certify that the foregoing
 18 is a true, accurate and complete record of the
 19 questions asked of and answers made by the said
 20 witness, at the time and place hereinabove referred
 21 to.

22 The signature of the witness was not waived
 23 by agreement.

24 The deposition terminated at 5:14 p.m.

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1 Pursuant to Rule 30(e) of the Federal
 2 Rules of Civil Procedure for the United States
 3 District Courts, if deponent fails to read and sign
 4 this deposition transcript within 30 days or make
 5 other arrangements for reading and signing thereof,
 6 this deposition transcript may be used as fully as
 7 though signed, and the instant certificate will then
 8 evidence such failure to read and sign this
 9 deposition transcript as the reason for signature
 10 being waived.

11 The undersigned is not interested in the
 12 within case, nor of kin or counsel to any of the
 13 parties.

14 Witness my official signature and seal as
 15 Notary Public, in and for Cook County, Illinois on
 16 this 26th day of January, A.D., 2021.

17

18

19 Mary Maslowski, CSR, RPR

Notary Public

20 79 West Monroe, Suite 1001
 Chicago, Illinois 60603

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